



Legislative Assembly of Alberta

The 27th Legislature
Second Session

Standing Committee
on
Public Safety and Services

Treasury Board
Consideration of Main Estimates

Tuesday, April 28, 2009
6:30 p.m.

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Second Session**

Standing Committee on Public Safety and Services

VanderBurg, George, Whitecourt-Ste. Anne (PC), Chair
Kang, Darshan S., Calgary-McCall (AL), Deputy Chair

Anderson, Rob, Airdrie-Chestermere (PC)
Brown, Dr. Neil, QC, Calgary-Nose Hill (PC)
Calahasen, Pearl, Lesser Slave Lake (PC)
Cao, Wayne C.N., Calgary-Fort (PC)
Jacobs, Broyce, Cardston-Taber-Warner (PC)
MacDonald, Hugh, Edmonton-Gold Bar (AL)
Sandhu, Peter, Edmonton-Manning (PC)
Woo-Paw, Teresa, Calgary-Mackay (PC)
Vacant

Also in Attendance

Amery, Moe, Calgary-East (PC)
Mason, Brian, Edmonton-Highlands-Norwood (ND)
Taylor, Dave, Calgary-Currie (AL)

Treasury Board Participant

Hon. Lloyd Snelgrove Minister

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Tuesday, April 28, 2009

[Mr. VanderBurg in the chair]

**Treasury Board
Consideration of Main Estimates**

The Chair: Good evening, everyone. It's 6:30, and we're going to start on the estimates for this evening. Welcome, Mr. Snelgrove. We're going to go around the table and do some introductions, and, Minister, I'd ask you to introduce your staff that is with you as well. We'll start with Darshan.

Mr. Kang: Darshan Kang, MLA, Calgary-McCall. Good evening, everyone.

Dr. Brown: Neil Brown, MLA for Calgary-Nose Hill.

Mr. Taylor: Dave Taylor, MLA for Calgary-Currie and the Official Opposition critic for Treasury Board.

Mr. Silver: Dale Silver, with corporate human resources. I'd like to introduce two of my staff who are with me this evening, Mary Anne Wilkinson and Lana Lougheed.

Mr. Snelgrove: Lloyd Snelgrove, MLA, Vermilion-Lloydminster. I'll just introduce Dwight Dibben and Erin Morris from my office. The others are Jay's responsibility.

Mr. Ramotar: Jay Ramotar, Deputy Minister of Treasury Board. I would like to introduce our staff: Doug Lynkowski, Neill McQuay, Aaron Neumeyer, and Lori Cresey.

Ms Woo-Paw: Good evening. Teresa Woo-Paw, Calgary-Mackay.

Mr. Jacobs: Bryce Jacobs, Cardston-Taber-Warner.

Ms Calahasen: Pearl Calahasen, Lesser Slave Lake.

The Chair: I'm George VanderBurg, chair, Whitecourt-Ste. Anne.

Mr. Sandhu: Good evening. Peter Sandhu, MLA, Edmonton-Manning.

Mr. Anderson: Rob Anderson, Airdrie-Chestermere.

Mr. Amery: Moe Amery, Calgary-East.

Mr. Cao: Wayne Cao, Calgary-Fort.

The Chair: Thank you, everyone.

As you know, the vote on the estimates will be deferred until the Committee of Supply on May 7. As well, any amendments that may arise will be deferred until the Committee of Supply as well.

We're going to give you, Mr. Taylor and Minister, the opportunity to have a back-and-forth discussion for the first hour or less, if you like.

Minister, I'll give you the floor right now, and we'll have opening comments.

Mr. Snelgrove: Thank you, Mr. Chair and colleagues. Last year we started off very briefly, and with the permission of the opposition we decided that rather than me wax eloquent about what the department would like me to talk to you about, it was a little more appropriate

that we would get into the questions that are more important to you. For the record, I think it's appropriate to talk about the two departments that we're proud to be a part of.

Treasury Board, of course, is the spending side of government, the opportunity to continually improve and work with the different departments to provide the services that Albertans have come to expect and work with the different departments on delivering the services they need through helping to develop the capital plan and working with the IT planning. In many ways it's kind of an invisible department from the outside that works internally.

The corporate human resources side of our department works with the different government departments and the public to work within our collective agreements and on very typical HR issues of labour, labour negotiations issues, trying to develop and maintain a consistent, solid flow of good people to run the public service. In many ways we've had some really significant changes in both of them, partly to do with some changes at the deputy level and, more recently, partly to do with the fact that I think everyone in Alberta now understands that we're in a different fiscal reality than we were a year ago, so it has made some of the requests that the Treasury Board has had more palatable to the departments.

It would be, I think, common sense to say that when people had wants with the government, when the government was putting \$8 billion or \$9 billion in the bank every year or to the different endowments or funds, it was confusing to them why we couldn't give them everything they wanted. Well, now it's pretty real why we can't and how we need to grow back into our skin and set that stage for the future. I've seen some really good results from the departments in their response to Treasury Board in the last year. We will be coming out with the year-end results, but even up to the third quarter, just by working collectively with the other groups on things that seem mundane, purchasing and offering services on common IT and that, we'll have saved well in excess of \$200 million.

That process is certainly shown in this budget, where, by simply doing government better, we expect to save well in excess of \$200 million, and that's just a goal. Quite honestly, our department is committed to the full year of review and constantly, you know, turning down the vise and, quite honestly, really getting to where we can look Albertans in the eye and say: "Okay. We're running just about as good as government can run." There are lots of other things you can compare it to, other governments across the country, but that said, it's not an easy goal. It's an incredibly large budget, so there's a lot to look at, but there's a lot to look for. I know that the critics will have been doing their job in identifying what to look for, so we look forward to the next couple of hours.

We'll try to ensure that you have an answer to every question that you have tonight. I've got some of the best people in government here. If I don't have the answer and I can't make up one that you'll believe, then I will get the answer from them and read it in.

The Chair: Well, thank you, Minister. I do prefer that the questions and answers are completed tonight. There's no sense in having the written questions and written answers following this meeting. I think we have ample opportunity, and you have lots of people in your department that can help you out. As well, Minister, any time during the next few hours if a break is needed, just let me know, and we can recess for a couple of minutes.

Mr. Taylor, the floor is yours.

Mr. Taylor: Thank you, Mr. Chairman, and thank you to the minister for those opening remarks. I appreciate that, and I appreciate the candour, and I'll try to identify the difference between the actual answers and the ones that he made up that are believable. We will go back and forth, and although everybody in this room knows

that it's probably a challenge for me, I'll try and keep the questions as short as possible, and, Minister, if you can try and keep the answers as to the point as possible, we can probably cover a lot more ground in the same amount of time. I think that would certainly please me.

I want to start out just talking about the changes in the fiscal reality from last year to this and about spending management and about discipline and those sorts of things. Let me pick up on a comment that you just made, that you want to be able to look Albertans in the eye and say that we're running just about as good a government possibly can and just ask you how long you think that's going to take?

Mr. Snelgrove: I don't think it's ever done, but I would think that two years from now – this year is going to be a very interesting one to identify where we can really go, and I think Albertans will respond by telling us where they think we've got a little too much, not enough, or whatnot to go. I think a two-year cycle from this one would be 90 per cent complete.

Mr. Taylor: Okay. The finance minister in the estimates debate on her department was talking about \$200 million in savings, \$215 million in savings. You've made reference to \$200 million in savings, and that seems to be the goal for this year. You're also talking about reviewing expenses across the board, reviewing practices across the board, I guess. You know that we have talked on the Liberal side of the House, on the opposition side of the House, about what we think is the advisability of having an independent value-for-money audit, although a legitimate question that you could ask in return is: "Who's going to do that audit. Who is that independent?" I recognize that. But compare the two, our concept of a value-for-money audit, your concept of a review, and tell me if \$200 million is setting the bar high enough for cost savings in a \$37 billion budget.

6:40

Mr. Snelgrove: No, it's probably not. The value for money is an interesting concept that I don't disagree with, and that's where the ministerial working groups will have their greatest work. Within the department if the value for you is to move the need out of the department so you save, that might accomplish your immediate goal, but it hasn't solved the problem. This one will take a little bit longer because I think this gets to the crux of where we really cross to where we're doing better.

The crime and safe communities fund. Fair enough, mental health and drug addictions are all contributing to crime. If we think for a minute that because we found somebody with the drugs and put them in jail or something and the problem is gone, it's simply not. We just had a meeting here a few weeks ago with – he's going to be new director of the drug enforcement strategy in the United States. He's going to be the number two man in the Obama administration. He told us that he has seen no other entity, no state and no province, that has been able to cross ministerial responsibilities into one. The value for money is really what it is. There can be a fair and true balance on what we might think the value is, but from a service point of view, if departments don't have other departments to compete with for that money and results, you can't really get the value for your dollar.

Mr. Taylor: Okay. That sets up an interesting bit of a paradox. On the one hand, you want that interdepartmental competition; on the other hand, you want cross-ministry co-operation. There are certainly a number of issues that in the perfect world would work a lot better and get a lot closer to real solutions if we could have

upwards of, you know, sometimes a dozen ministries working together in concert on that problem.

Mr. Snelgrove: I guess there is no right number for things like mental health or crime and safe communities. There might be a right number for Environment, for example, if Environment, SRD, Energy, Aboriginal Relations, and Agriculture, possibly . . .

Mr. Taylor: Parks and recreation.

Mr. Snelgrove: Where it fits into that particular issue – they have to go back in with that group and argue why what they're going to spend is a better value for the problem, ultimately for the taxpayer or for the person getting the service, than the other department. The most important part is that the issue gets looked after. There was a problem, in my opinion, with baseline increases across the board, baseline funding, because then it takes a year. We can have a discussion about the Auditor General later, and I'm happy to do that, but I don't think that you wait for the Auditor General to tell you if you've fixed the problem. You have to be, you know, reviewing these things on no more than a quarterly basis: "You said you were going to take the money to deal with that issue. What have you done for me lately?" If another department is saying, "Look, I'm getting people under roofs for \$20,000 a person, and you're spending \$36,000," they get it if they're comparable roofs.

Mr. Taylor: Yeah, if they're comparable roofs. But if one is an affordable roof for somebody who has no problem other than scraping together the first month's rent and the damage deposit and the other is a roof of supportive housing or housing first with supports, then those are two different models. That's a bit of apples and oranges, isn't it?

Mr. Snelgrove: Yes, it can be. Also, it doesn't make sense for us to be building facilities where it's not just the person who needs affordable housing. If it's someone who has a mental health issue or an addictions issue and you put them in a community like Vermilion, for example, where we have no trained professionals, in many cases, with the ability to deal with a mental health issue or the addictions, we haven't solved anything. We've just hidden it. I mean, if that balance between making sure you develop the systems within our health care system or whichever particular department is going to deliver that need doesn't follow the housing or the housing doesn't follow the opportunity to live, you're at cross-purposes, and that's where the value for money still has to be balanced.

Mr. Taylor: Out of all this have I read you right in that you almost sounded like you've said that where ministries or sections of ministries work co-operatively on solving a problem, they're going to get priority when it comes to doling out the money.

Mr. Snelgrove: Well, the ones that are able to show success would get priority. Plus, I think that where we had a breakdown in typical government operations, and it could be – I know that an issue that your party is very aware of is long-term care. If we could accept that housing is not a health issue, that it's a housing issue regardless of the level of care you might need, if the health department can share in the savings by transferring the care for people who need to be in long-term care out of their facilities so we're not caring for them in a hospital with the nurses and with the very expensive operational costs of a hospital, if the savings shared by getting those people out into whatever kind of facility is more appropriate for them can get back through to the health system so you can free up money for

home-care nurses and personal care attendants, then that works, then mission accomplished if the person is getting the level of care they require.

Mr. Taylor: Doesn't that bring the health department back into it, though, because the level of care that they require is the province of the health department, not the Housing and Urban Affairs or Seniors and Community Supports departments?

Mr. Snelgrove: Right. Exactly. But the cost: where we get bottled up is that we're using beds that are typically designed for someone who is in need of constant and ongoing care. I think that from our numbers – and the health minister would probably equal it – on any given day we have roughly 800 people in hospitals who should be in long-term care or continuing care, assisted living, or in some cases, given, I think, the wishes of the senior or the person who needs it, even at home. I don't personally think there's any reason that your last days have to be in a hospital or facility when, you know, the bridal suite at the Super 8 is about a tenth of the price.

Mr. Taylor: Well, I'm not sure I want to spend my last days at the bridal suite at the Super 8.

Mr. Snelgrove: I just can't help a little advertising.

Mr. Taylor: That opens up a whole new line of thought that we probably shouldn't explore too deeply.

Okay. You know, what you've said is great in theory, and if this were a year ago and we were having this conversation and oil was \$147 a barrel and everything looked wonderful, it would probably be fairly easy, we'd think, to put into practice. You're the guy who deals with the spending side of government, and by that comment that you made earlier, I take it that you deal with determining how the money gets spent, who gets to spend it, and who doesn't get to spend it. So you may not be the person who's accountable for the budget documents, but you're kind of accountable for the actual execution of the budget. Right? So how will you budget for that model that you laid out?

Mr. Snelgrove: We started this process over two years ago. Actually, we started the concept immediately after Premier Stelmach was elected leader, and the first real one you could put your arms around was the crime and safe communities fund. Granted, for the departments and for the different staffing things that was a different culture to go into. It wasn't you out clamouring for more money from the government; it was about you having to sit around with the people you were clamouring for it from. So we were well into the process. As I say, the change has made more people buy into this than before. There's no question. Human nature would say that if we don't have the money, then I'd better get involved.

You know, the same thing happened with our IT strategy. When I was Minister of Service Alberta, I was quite surprised to find that there was a great resistance from different departments to embracing one common server, one IT. I'm not an IT guy. Let's be perfectly clear: if I was, I would be stuck in slow drive. I don't know it, but I'm smart enough to know that no corporate entity, if you think of us as a corporation, would survive with six, seven, eight, nine, 10, 11 different operating systems. There's a reluctance because you do get this thing that says: "I am agriculture; I'm very important. No one needs to know about us. We'll stay here." Those barriers were broken down. It takes a little bit of the government or whoever it has to be saying: you don't get the option anymore in IT. It's a bunch of what might be considered little things, whether it's

Treasury Board or a combination of Treasury Board and the departments that will provide it saying: get with the program.

6:50

So IT has come together. The procurement stuff that we're doing: I should probably just let the staff go and do it because you know darn well that they do all of this and know it far better. It's about really implementing or getting into the total government envelope the fact that we are one corporation, one company, working for, you know, the objectives that we've put forward.

Mr. Taylor: Okay. Fair enough. Two things come to mind. One, even if you have a dozen different operating platforms, it's all within the context of the government, so it is the corporation. It's not like that when you try to deal with how you're going to unblock the blocked beds in the health care system by getting those folks into appropriate levels of care and appropriate kinds of housing.

You know, I may get in trouble for saying this, and I know you'll appreciate that because probably if we went back through *Hansard* over the last four years that I've been an MLA looking for the phrase that you've used most, it would be: I could get in trouble for saying this. But there's a lot of turf protection in the health care system. Furthermore, once you involve long-term care and various levels of housing for seniors, you're also involving a fair private-sector component there, so it's not quite as simple and homogeneous, and the budgets, the amounts of money at stake, are phenomenally bigger than they are in just reorganizing government IT. Not to take away from what you've been able to accomplish there, but is it translatable, and how so? How are you going to take that experience and import it onto this great monster that is health care?

Mr. Snelgrove: You know, if we just take simply the 800 beds in hospitals and put them into the appropriate facilities, that would save half a billion dollars a year. That's a pretty big number. I think that if the goal was that in five years even we could get to where our hospitals – we're only really dealing with what most people would consider the hospital.

Mr. Taylor: Acute care.

Mr. Snelgrove: Yeah. Or ongoing care, ongoing treatment.

The other part that I think we're maybe behind people in: more people are going to want to stay in their homes with personal care attendants and the support from the health care system. You know, if governments, whether rightly or wrongly, are not doing what the people want from them, they end up being something else. I think the change is going to happen quicker than we think, probably quicker than we can prepare for.

Mr. Taylor: You mean the change in the public attitude.

Mr. Snelgrove: Yeah. People will demand that the health services they used to expect to go to a hospital or an emergency ward and get: I think they're going to turn around, and whether they start to do it without us, whether it's private care, personal care, will become a real industry on the side. They're going to want to stay in the home. You know, when you see the homes that we've built for the last decade, they can keep a lot of seniors in. The baby boomers are going to have more money. They are far more spoiled, if I can use that term, than our parents were. Our parents normally were very, very independent, and many of them never got to a hospital until their last day or two on this earth. They just didn't. I think you're going to see a very, very clear change in where people want to be looked after and how they want to be cared for, and it'll move there.

Mr. Taylor: Okay. That's a good answer to a question that's not precisely the question that I asked.

Mr. Snelgrove: Old habits are hard to break, eh, guy?

Mr. Taylor: Touché, salesman.

How are you going to get the government there? As the President of the Treasury Board, the guy whose hands are on the purse strings, how are you going to get the Health department, Seniors and Community Supports, Housing and Urban Affairs if necessary, private-sector operators in seniors' housing, the public health care system, which, whether it's under one region, nine regions, 17 regions, 200 hospital boards, still can be fairly balkanized and is itself undergoing a mass reorganization right now – how are you going to get this to happen? What is your plan?

Mr. Snelgrove: Over a year ago we put the four – Seniors, Children's Services, Housing and Urban Affairs, and EII – in a working group and said: "You guys have to figure out and accept that the person you are helping is only one person. There's only one taxpayer. You can get at him anyway you want, in many ways, but ultimately there is only one. Well, there's only one person, and it is not logical to think that we make policies that take people along just fine until their 65th birthday, and all of a sudden we don't have them in our computer. Or young people in care. It's quite incredible that some of these things are allowed. Until they have their 18th birthday, everything is hunky-dory, and then they go into an abyss. So you guys have to sit down, and you have to come up with a strategy on how you deal with the person and the care they need seamlessly through these departments. You have to get working on it." So they have been working on it.

I'm very happy that Jay is along. You can tinker or you can re-engineer, and departments, when they had a lot of money, could tinker and make themselves look very busy. But you put the right person after them and say: "That's not good enough. That is simply the same old thing in a different book with a different cover." I was going to use the term "with a different picture," but we'll just stay away from that if you don't mind. "We want you to come up and show us how you're going to do it. If you have to look after these people between the four of you with half a billion dollars less, what are you going to do?" Even at that time, when we started this, it wasn't about the money. It was about respect for the person, saying that it is unfair that a senior doesn't know who to go talk to or that there should be any question in their mind what department they would go to for help.

Mr. Taylor: Mr. Chairman, we can keep going, can we?

The Chair: Yes. Keep going.

Mr. Taylor: Okay. Excellent. Thank you.

Mr. Snelgrove: That started for the right reasons. I've got to tell you that I'm not a fan of driving government by budget day. I think that's a picture of what you see on that particular day. How we started to adapt these departments through the working groups and through the departmental forcing together: the right things will come from the right intentions. When we started this, it wasn't for the money.

Mr. Taylor: Now it is, though.

Mr. Snelgrove: Now, thank goodness, it is. It's more important

than ever because doing the right thing right and being able to do it more efficiently is now the second prong.

Mr. Taylor: Okay. Just to sum up, you brought four departments together around the housing side of things, where we talk about seniors and long-term care and assisted living and various other levels of supportive living of some sort or other, including seniors being capable of staying in their own homes because they can access what is for them individually the appropriate level of personal care, home care. You've got to incorporate the health department into that working group now or create another working group that involves all five departments. You haven't done that yet. Sounds like you're going to.

What I haven't heard yet is anything about what performance measures you are using and you will use to monitor the success of these initiatives. If you're re-engineering, it's pretty key that you have a good, objective way of measuring whether you're on the right track so that you can identify quickly in those cases where you're not how to get off that road and get on the right one. Right?

Mr. Snelgrove: That's probably the most difficult question. If we were to look at it and say that our goal was to save \$600 million out of those four departments and we did that, that would be a success from the audit point of view.

7:00

Mr. Taylor: I'm sorry. Can I interject for just a second? I'm not an auditor, never even played one on the radio back in the day. In case you need this, I'm going to free you up on this. You can talk about quantitative or qualitative performance measures or both. I don't care. I just want to hear what criteria, what parameters you're using to measure your success or your failures going forward.

Mr. Snelgrove: That is a difficult thing to put on a quantitative measure when you're talking about the quality of life. It will require a lot of work between the different departments. It is as difficult as going back into things about nutrition. You know, we can tell you whether we have appropriate nutrition standards for pregnant women by birth rates, birth size. We can tell whether seniors have an appropriate level of foot care by how many end up in the hospital because their feet weren't looked after. Like, these aren't real sexy things in many ways, and it would take a while to maybe get through, but there are a lot of measures that tell us how many times and how many seniors need to see a physician. They tell us how many seniors need or are on drugs.

A measurement like the Eden philosophy now, where they have a lot of the continuing care pods built and their staff, they're supposed to invoke a little more independence for the seniors, and for many they do, and you can measure that. One that I watched for quite some time was the number of drugs. They cut the drug use down 75 per cent. Now, you can measure that from a financial point of view as hugely successful. More importantly, you can measure that quantitatively as: okay, we're trying to reduce drug use. On the other hand, if they're not living a quality of life because they're not getting their drugs, then that's a failure. So you've got all of these little things here: well, we've cut down drug use, and we have more of them living longer in these facilities.

I have a hard time with kind of self-imposed questionnaires because far too often you ask the question knowing you're going to get the answer you want. I would say that the most difficult job is to measure up. We have the document we use as government called Measuring Up. From the point of view around the seniors and seniors' care, I think we're probably at a time that when these departments are done and we're done, we will have an idea, whether

it's a policy book or whether it's a standard that we'll bring into the picture, of the different things that we need to have that will determine whether we've done it.

You know, your life expectancy and many of these things will contribute to it. We actually have a lot of data through the health system, but in many ways it is taking too long and simply is done as a collection of data and not for the specific purpose of knowing if the changes that we've made to these programs have made their lives better or not. With many seniors if you wait until a year and a half after you've done it, that's a year too late. It's done.

I respect that question a great deal. Probably the most difficult one we have is to say: okay, how do we know we're there? I will tell you this: it isn't about the money.

Mr. Taylor: Okay. Fair enough. Do you have – you mentioned the Measuring Up document, and maybe that's it – a road map, for lack of a better phrase that comes to mind, or a format for developing these performance measures? I accept that the mix of quantitative and qualitative measurements is going to be different depending on the program that you're working on, depending on how you're measuring success for that program. As you touched on with the seniors' drug use issue, quantitative doesn't always have to have a dollar sign in front of it either. Is there a system that you follow, or if there isn't, are you developing one to help you develop the appropriate performance measures for the various re-engineering programs that you're undertaking?

Mr. Snelgrove: I think that is, you know, step 2. After the departments have had the opportunity to look at maybe what the ideal situation is for the senior or the person in care – I don't want to limit this to seniors – when they've gotten around to how they are going to deliver that as departments, then I think the logical question is: okay, how are you going to know when you're there? To that part I haven't asked for an update since before we even started sitting, so I can't tell you what stage we're at with the road map there. I can't even tell you if they've started to put expected outcomes, although I would guess they have.

Mr. Taylor: Can you give me an indication of when you might have that information?

Mr. Snelgrove: For sure as we go into next year's budgeting cycle or as we start to develop other programs or changes this year for next year, we will have it. I mean, it will not be a secret. If you can't clearly show the seniors that you're trying to help, what you're going to do – they don't care very much for surprises, so uncertainty is probably our worst enemy. So as we're able to start to bring this new idea, new process forward, you know, as soon as we can comfortably say that we think we've got it right, then we're very happy to share it as a matter of fact.

Mr. Taylor: Okay. Talking about this road map, are we just talking about a road map relative to seniors? Are we also talking about developing a road map in time for next year's budget relative to health care, relative to . . .

Mr. Snelgrove: Mental health, people in care.

Mr. Taylor: . . . mental health, relative to the environment, relative to, you know, pick anything. Are you developing road maps across the board?

Mr. Snelgrove: Maybe the most critical part of what we had to re-

engineer, from my point of view, was the human services side of it for a couple of reasons: one, because it's the people; two, it was gobbling up a far greater – I think if you take those departments, 76 per cent of our expenditures are there, and you say: if you're going to go duck hunting, you hunt where the ducks are.

The Premier's commitment to quality of life issues is real. That's very real. That's where the issues are for those, but it's not just seniors. You probably have in your constituency office kind of the lost, needy, the 55-year-old man with a bad leg or hip or an addictions problem or a 40-year-old person with some type of disability that just doesn't seem to fit. Unfortunately, we have so many of these things. It's kind of all or nothing if you're thrown at the mercy of the government. They can pick you up, but if you're trying to maintain a certain amount of independence or you can work a little bit or you can do this, we had a hard time getting around that there was a place for the compassionate care that still allows, you know, that flexibility and that independence but support.

Mr. Taylor: I have to depart from the script a little bit – if there were a script, which there isn't really – and just put this to you while I have the chance: do you get it now? I overheard you muttering on your side of the House yesterday, I believe in reference to one of our questions, that as far as we're concerned, Monday is spending day and Tuesday is savings day.

Mr. Snelgrove: I'm keeping track.

Mr. Taylor: Do you get it that when we're badgering you in question period or in debate in the House about what you take as a demand to spend more money, we may be using different language, but we're talking about very much these same sorts of things, that we're talking about spending the vast sums of money that this province spends on an annual basis much better and much more effectively for the benefit of the people and the province of Alberta today and tomorrow? We're not just talking about spending because it's fun to pull out the Visa card and max it out every month, you know, and when we talk about savings, because it's Tuesday or whenever, that we're also talking about the fact that you do need to do both things at once. Do you get that?

7:10

Mr. Snelgrove: I'll probably pay for this later, but I would say that if the questions in the House followed the same line of rationale – and I have to appreciate that you have to let other people ask questions; that's the nature of it.

Mr. Taylor: And we have to do it within a very confined period of time and all the rest of that.

Mr. Snelgrove: Exactly. But if there were, from my point of view, a reasoned move along in the process, that doesn't lend itself very well to question period, there would probably be a far more constructive answer to follow. I mean, there just isn't time in there. If it were simply that question period today is on health care: let's ask questions about how you're going to work with seniors, how you're going to make sure that assisted living and those with disabilities have access, how you're going to make sure that those with different levels of care get respite, and how you support people who live at home without crossing the line to where you're paying families to stay. If the questions could be done like they are in here, not only would question period probably be far more productive, but no one would watch.

Mr. Taylor: No one watches now. You've seen the ratings.

Mr. Snelgrove: I'll give you an example of this spending and saving. What really twiggged my realization that we weren't getting it right from some points was a gentleman who brought his wife to see us in Vermilion. She was dying from Lou Gehrig's disease. She was very likely into the last two or three months of her life. They had nothing, and the rules that we had around them made it impossible for them to get much help because he owned some cows. Unfortunately, he owned those cows just after BSE. If they had sold the cows to match our requirements to have nothing, he would have had a debt. He would have had no cows and a debt that he couldn't pay. Then we would have gone and made him sell his land. He had four quarters of land. So he could have sold his land, paid back the bank, and then he would have had a debt and no cows and no land and a dying wife. Then we would help him. That didn't strike me as a good response.

She was able to very clearly articulate that she would have liked to stay at home, but they couldn't. They had to do enough work. When they took her to the hospital, the care centre in Mannville, the facility, because we have rules, would not let her be fed with a fork or spoon. They had to tube feed her because, perish, she might choke. So here's a person who only wants in the last couple of months of her life the dignity to eat with a fork, and our system wouldn't allow it.

We were willing, without question, to spend the \$17,000 a month putting her into a hospital, but we couldn't give them one dollar to stay at home. Nothing has probably irritated me more. If you don't think I like government some days, you should have seen this. I went to the minister – at that time it was Minister Fritz. We sat down and had a very long discussion about what we had to do and came to an agreement that would probably get us both in trouble. But we had to help the family with a new program, and it would be program 1.

First, it would be secret because we didn't know if we could do it. We made them come forward with a budget that would allow them to stay in their home, to maintain their assets, as meagre as they were. One of their children was going to take a leave from her job. You know, it was going to cost us as a government under \$4,000 month, which we didn't at that time have the capacity to do under any existing terms, but without question we would have paid the \$17,000 to put her where she didn't want to be.

You and I know what the right thing to do is. Everybody in this room knows, but a book like this doesn't. Nothing from that day says: if we can't think past that part. We couldn't because health care has a budget, and they're bound to look at whoever comes in their door. Seniors has theirs, and they can't do this, and aids to daily living have this and that. Ergo, you guys are going to get together, and you're going to tell me when I come in with an example like this or 22-year-old Christine who has just been paralyzed in a car accident, you're going to tell me how she is going to access what we've got through a typical day in her life, and then we'll remove the bottlenecks that are in there. When we get around to where these departments can tell me they've got it right, then we'll talk to our colleagues and say: here is the scenario, a real-life scenario. At that point we'll have made progress, when we can see the thing go through.

Mr. Taylor: Okay. What if the finance minister's economic projections for the next three years are wrong? Can you still stay on this path? To what extent can you stay on this path? If the economy doesn't recover as quickly or as fully as the budget hopes – and I mean what I say in using the word "hopes" – if the price of natural gas averages out at more like \$3.50 a gigajoule rather than \$5.50, if

this happens, if that happens, if this doesn't happen, if that doesn't happen and the recession is longer and deeper than this budget foresees, then to what extent can you stay on this re-engineering path?

Mr. Snelgrove: Then more than ever you have to re-engineer. Honestly, we don't have any choice about the re-engineering. We didn't have any choice before the financial reality changed. Where the bigger changes will have to come will be in the things that are incredibly important but are not life threatening. You will not see, I don't believe, from this government a compromise in caring for those who need care. If that means that the rest of us have to do with less and if that means that tuition has to rise and fuel costs go up and if that means that we have to do with less – we cut the grass once a year on our highways. You know, there's a lot that I think Albertans will do without or will do with less of before we would ever go back, in my opinion, to: well, you have a department budget; you look after whatever you look after.

Is it going to be incredibly difficult even if things are good where we project? Yes, it is. Will it get much tougher? Yes. But we have the opportunity to get where we need to be better than any other government. I've been in business when things were good, and I've been in business when things were bad. It was more fun when it was good, but we made it when it was bad. I think you will squeeze, and there will be issues. It's like the sausage: the harder you squeeze, the more it goes somewhere. But there will be a very clear holding on to the individual care responsibilities that we've got. Can we get out of a downturn this severe without significant changes in how we do our financials? Bottom line: maybe not. The chairman of Marathon Oil said that in times like this you budget for the worst and hope for the best.

Mr. Taylor: Has this budget done that? Do you think this budget has budgeted for the worst? Maybe this is a question more appropriate for the finance minister, but I'm going to ask it of you as well. Do you think that this budget has budgeted for the worst? It certainly does hope for the best; I think we agree about that. Or has this put off some tough decisions till next year in the \$2 billion fiscal correction, whether that's spending cuts or tax hikes or a little bit of both?

Mr. Snelgrove: You know, my old friend and predecessor, who got himself a bit of a reputation around Alberta a few years ago, gave me some sage advice, that I took quite seriously, which was that the worst thing that you can do is overreact. Not that this is not serious. We are paying heavily for some of the decisions that we made in the '90s from the point of infrastructure. We paid for some decisions in 2001, where we were in the middle of a stock market meltdown, and we immediately moved into the transportation infrastructure budget and took from there. I guess I would say that learning from the past is something that we have all done, and I think most around the room have seen that cycle. I guess what we would say is that the big ship that we're driving needs a course correction, but we couldn't afford to sink it. Public confidence in themselves and in the government – public opinion in many ways is self-fulfilling.

7:20

Listening to some of the other governments around the country, I would think that we probably painted a more realistic picture simply by going into out-years and being truthful, where no one else will go there. I think the Premier of British Columbia, for example, would probably admit that they did not budget what we would expect the corporate and personal income tax fall is going to be there. He's going to an election here in a few weeks. We did. I

mean, we put in there what the trends at that time were going to be. I don't think Premier Wall in their budget probably anticipated the fall that's going to come in some of the fertilizer prices because the ag community and around the world simply cannot afford \$1,200 potash.

You can sell a good story and then try and justify it at the end, or you can say: holy, you know, us budgeting or having to go into the savings for that many dollars is a pretty realistic wake-up call, I think, to everybody in the province. Could the picture get worse? It could. But I don't think we needed to get to the bad spot and then go up. I think we'll take the edges off this, and I think that's appropriate, where we're going.

Mr. Taylor: Okay. Let me move you, since you referenced some of the cuts of the early '90s and other cuts, to the Transportation and Infrastructure budgets and sinking the ship, as you put it. I'll ask this question just with an admonition while you're busy not sinking the ship to keep a sharp eye out for icebergs.

Let's move into capital spending, the capital plan, infrastructure, that sort of thing. I want to ask you, first of all, about the comparison of the 2008-11 and the 2009-2012 capital plan, which I believe you can find on page 19 of the fiscal plan. The chart shows in terms of changes a reduction of \$633 million in their budget for spending on health, schools, and postsecondary facilities. It shows a \$621 million increase in municipal infrastructure support, a \$457 million increase in the provincial highway network, a \$774 million increase in other capital expense. I'm going to ask you to define other capital expense for me, if you would, please, but really what I'm after here is a sense of how you prioritize this.

There's general consensus that municipal infrastructure – the provincial highway network and health, schools, and postsecondary facilities all combined – makes up our total infrastructure deficit, if you will. We're short beds in hospitals or in long-term care facilities. I think we need more than net 800 beds in the health care system myself, but, you know, either way you cut it, if you're going to unblock the blocked beds in the acute-care system, you need to provide some accommodation somewhere else. We've talked about that already. We have schools and postsecondary facilities that are in bad shape. I guess the question is simply: why are you cutting in that area and increasing in some of the others?

Mr. Snelgrove: You know, it's funny. We budgeted money for years into health care and education and the other ones, and yet we still find out that when you're bringing the regional health authorities together, they had a billion and a half dollars in the bank that they hadn't spent on capital.

Mr. Taylor: This is collectively?

Mr. Snelgrove: This is collectively. You know, what we run into is the capacity to build or spend all the money that we're allocating. Particularly right now in health care it may be clear in the bigger cities about what kind of a facility or finishing the facilities we're on – it may be very clear there, but I'm just going to give you an example of where I think sometimes you need to rethink about spending this year or planning for it. I'll put this to you, and this comes from a non health professional person. I am just . . .

Mr. Taylor: Just a guy.

Mr. Snelgrove: If you're going to build a hospital in Sherwood Park that looks exactly like the hospital that you're going to build in Fort Saskatchewan or like the other hospitals we built for a hundred years, is that understanding the number of people that live out in

eastern Alberta that come to Edmonton to wait in line in an emergency room in one of the main cities? Or would you build a health facility there that would look like an inverted hospital, instead of the small emergency and all the rooms one that was like a hangar or a terminal at an airport, where ambulances from there can come in, they can be triaged there, they can be on hookup with whether it's Grey Nuns or whether it's University or the Royal Alex or whichever one? So, okay. "I've got a head trauma here. They're stabilized. We're taking the CAT scan of this. We're sending that. If you have room, he'll be at operating room 3 in the Royal Alex in 20 minutes."

So you start to look at the facilities you're building differently. I'm just not sure that because that's what hospitals look like – inside we put all the fancy gadgets and we spend all the money, but is the front door supposed to look the same as the front door of 10 years ago and 50 years ago? I don't think so.

Mr. Taylor: Okay. I accept that. But to get a little bit back on track here, we're looking at a drop over the next three years, relative to what we predicted last year for the next three years, of \$633 million collectively on spending on health, schools, and postsecondary facilities. Are you telling me that that drop is entirely because you found a billion and a half dollars in the collected capital budgets of the health regions? Specifically what's the reason for that?

You're not going to get an argument from me about the notion that hospitals need to look different and be different and accomplish different things today than they did 10 years ago and that when you're building a hospital, you need to be looking at a facility that's still going to be relevant, you know, 50 years down the road. You've got a lot of projecting to do there. But I'm talking about this three-year number with a dollar sign in front of it. What's the reason for it?

Mr. Snelgrove: Well, I think, one, we're getting better at schools. We've got a common design now that . . .

Mr. Taylor: Okay. So we don't want hospitals to all look the same, but it's okay if schools do.

Mr. Snelgrove: No. Well, to a certain degree there are parts of hospitals that you shouldn't have to re-engineer.

Mr. Taylor: Okay.

Mr. Snelgrove: They are so much fewer in number.

The common design for schools can be extrapolated into the same kind of a design for seniors' accommodations. I mean, you know that if you go around, there's a whole bunch that look a lot the same, but we probably hired an architect for every one of them. So starting to get smarter at how we build and what we're building for, part of it is that we consistently lapsed hundreds of millions, if not billions, of dollars year to year in the capital project. In some places we couldn't get tenders to do things. Granted, this slowdown may change that. We see that we're getting far better prices.

Mr. Taylor: But it also reduces some of your cost, too.

Mr. Snelgrove: Absolutely, it does. So you can do more, but there's a point that the departments can use kind of as a break. You know, if we're not getting our pricing but then there's sort of an industry standard, that means we're probably overloading this system for this particular thing. Plus, the opportunities we've got to use other alternative methods of building, whether it's into a P3 model or whether it's in design-build or whether it's in a very unique

partnership where – and this isn't an approved one but an example like Lac La Biche – the community has said: we want a community centre. I think the college wants it a little bit. They want a high school and a recreation centre. When all these people come to the table, I think they estimate savings of around \$15 million in being able to put that together.

7:30

If you take all of the opportunities to do it differently, it still will leave us – it's all kind of relative. If you were to go back 10 years and see where some of the spending has gotten extremely high, when you take on projects like the Edmonton clinic and south Calgary hospital, that really skews the total dollars into a department, doesn't increase the beds comparative to the number of dollars because of the nature of the institution, but that really overloads for a while that blip in two major facilities.

Mr. Taylor: Okay. Before we move on, can I get you to define other capital expense in this table?

Mr. Snelgrove: We've got some of the stuff in carbon capture. We've put money into affordable and supportive housing. Waste-water/water projects and some of the other community stuff – parks, the remand centre, I think – would fall under other. It's a big catch-all. I think the pressure that we probably need to really look at – and this will work, I think, with municipalities much better – is the water/waste water. I mean, we saw an update on Walkerton the other day. Granted, that might be very isolated, but, you know, the waste-water and water standards are going to put tremendous pressure on us for the next 25, 30 years.

Mr. Taylor: The whole idea – well, not the whole idea but a significant part of the idea – behind infrastructure spending is to get ahead of all that and be out in front of all that so that you don't have Walkertons occurring, right?

Mr. Snelgrove: You would hope. Although that wasn't an infrastructure failure as much as it was a personnel failure combined with inappropriate sealing around the well. Either way, normally it takes a combination. It's not normally just one or the other.

Mr. Taylor: Understood.

Okay. So you have two components to capital spending, to infrastructure spending, to transportation spending. One is new build, and one is maintenance or repair of existing infrastructure. The government's strategic business plan, page 20, reports that 4 per cent of school facilities and 10 per cent of postsecondary facilities are rated as poor in their physical condition, with poor defined as meaning that "upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary."

You also get performance measures for the physical condition of government-owned and operated facilities, and that's on page 27 of the strategic business plan. This shows that the target for the highest rating of good decreases over the next three years from 59 per cent in the 2007-2008 actual to a target this year of 55 per cent to a target next year and the year after of 54 per cent. We see a similar deterioration in the highest rating of good for our provincial highways over the next three years. The percentage goes up in terms of the physical condition of provincial highways rated as poor from 15 per cent in '07-08 to 19 per cent in 2011-2012.

I guess the question is: whether we're talking schools, postsecondary facilities, government-owned and -operated facilities, or

highways – especially in the case of highways, there's a pretty whopping increase in funding for highway construction coming in the budget over the next three years – why are the conditions of all these government capital assets, if I can call them that, expected to decrease over the next three years? Why are things going to get worse over the next three years? Where are you spending the money, and why aren't we seeing the results?

Mr. Snelgrove: Well, you know, there were a couple of times in these last few years where there was an incredible amount of growth, back in the '70s naturally, but I think we've got to talk a little bit about the number that says: deterioration and depreciation. We had a very good discussion with the Auditor General right from day one in this job about: how do you identify, one, the ongoing cost of what you build, the operational cost? How are you doing that? How do you put in place a program that allows you to bend the trend around so that we bring our buildings into a more acceptable thing? We're working on a plan to do that. An example is that Innisfree school is one of the ones that needs tremendous upgrades. It will never be upgraded. It will be demolished or will fall over soon, but the point is that it's included in our asset base, and it would show one that was in absolute critical need of infrastructure.

Mr. Taylor: I hope it's not going to fall over with the kids in it.

Mr. Snelgrove: Well, we don't let them go in the whole building anymore. But it is one that will show that it needs it.

Mr. Taylor: That wasn't the answer I was looking for.

Mr. Snelgrove: It's a school in my riding, so I didn't like it either. The point is that there are buildings, even buildings that we use, and an example would be this building. It would be the Terrace Building. Studies would show that that building is in pretty critical need of some maintenance and upgrades, but if we're going to demolish it in 10 years, we need to be able to go there and work backwards. Or with schools, where historically you've had money in the program: "You've got to put on a roof, got to put in a boiler. We'll go do an upgrade." Oh, guess what? We've passed the standards for electrical. We need to be able to be up front and say: "That school is going to be demolished in five years. Quit spending on it." Then get them off our list under inventory and gone. That won't solve all the problems, but at least we have to quit putting nice hats on old buildings. We are working on it.

Mr. Taylor: Okay. A very quick question because I think we're almost out of time: what is the infrastructure deficit, and what is the deferred maintenance deficit at this time?

Mr. Snelgrove: Our published numbers, as you've seen, are \$6 billion. I would suggest that you could spend that. If you move into the period where we have gone in the last year and where we intend to go with the recovering, that will drop because we're going to bend the trend of highway level. I think you will see, given the environmental issues we've got – the cost of heating and cooling and the environmental sensitivities – that far more old buildings with environmental issues are going to be demolished rather than upgraded. I think you will see some more movement in there that's not going to follow what might be the traditional deferred maintenance thing where all of a sudden you say: "Guess what? These buildings are no longer viable. They have issues in them, whether it's air quality, and they have to be demolished." So you move them off, and you'll move into new or whatever you do.

The Chair: Thank you. That concludes the first hour. It was a good discussion back and forth, and we will have opportunity for you later on if there are other questions.

Game over, 2-1 Washington; 3-2 New Jersey in the third.

Brian Mason, you're on next for the next 10 minutes back and forth with the minister.

Mr. Mason: That's quite an introduction, starting with "Game over."

Mr. Chairman and Mr. Minister and members of the committee, I apologize for arriving so late, but I was attending a Day of Mourning event. I got back as quickly as I could, but it may mean that my questions are a bit redundant.

Mr. Snelgrove: I'll give you a different answer than I gave him.

Mr. Mason: That'll be interesting. If I'm a little off track or something, maybe you could just gently point that out, Mr. Minister.

I have some questions, and I'll start with accounting for P3s. Now, when you sign a P3, you commit to a long-term contract, at least in the form that they've taken with this government, in which you have financial obligations over an extended period of time, 30 years and so on. The accounting rules are beginning to change so that indirect borrowing such as in these P3s is reported as debt. In British Columbia the public accounts now report the government's future financial commitments due to P3s. How will your government report the amount of indirect borrowing through P3s? How will that be recorded?

7:40

Mr. Snelgrove: The accounting change from the consolidated accounting things will mean that whatever debt we have with regard to the capital costs will be shown, but you will also show on your thing the cost of the asset. The contract for maintenance is like the lease on your car. It will be shown in the year that it's due. That is my understanding. That's a very consistent approach. Alberta doesn't get to pick and choose how we do it. What is identified as capital costs and borrowing costs will show, but also on our books it would show the share of the asset that we own.

Mr. Mason: Okay. Thank you.

The federal government's building Canada fund requires matching dollars from all three orders of government. That is allocated – I guess it's still \$2.2 billion for Alberta. The question is: is the money set aside in Treasury Board for matching federal stimulus funding primarily for the building Canada fund, or are there other federal funds that the province is hoping to allocate with this matching money?

Mr. Snelgrove: The money for some of the building Canada fund is in many ways in the departments of Transportation or Infrastructure. We have identified in our department where we took \$175 million and purposely kept it out of the department so that we have the flexibility to match the federal government simply because we just don't know what criteria they're putting forward on what new programs that might be. You know, for programs that we knew, that we had an agreement with, that money rests with the departments, whether it's Municipal Affairs, Infrastructure, Transportation, Advanced Ed. That was there. Also, because of a heads-up from the federal government that they would be coming out with a \$400 million stimulus package but weren't able to release the criteria at the time, we took money from Municipal Affairs, put it in our department to make sure that we could match their funds.

[Mr. Kang in the chair]

Mr. Mason: Okay. I want to ask about the Alternative Capital Financing office. The budget for 2009 is \$4 million. Now that the Alternative Capital Financing office is in its third year, I'd like to know if a cost-benefit analysis has been done for spending \$4 million on that office. I'd like to know how you evaluate that expenditure, how you evaluate that office. I would also like to know what the province gets from the office that it couldn't otherwise just get from the Treasury Board.

[Mr. VanderBurg in the chair]

Mr. Snelgrove: Well, we have a couple of processes in place to determine, I think, whether we are getting value out of alternative financing. One is the public-sector comparator, where they have an independent group that analyzes the traditional costs. They do a breakdown of traditional costs that we were able to use, as by our regulations, to compare with a P3 opportunity to ensure that it's actually going to put value in.

There are other alternative financing things that need to be explored. You've heard us talk in the House about the opportunity to issue a bond or to come to some kind of financing arrangement where we may borrow money to save money, and all of those need to be worked through. Plus, we fund other departments from Treasury Board. If it's alternative capital funding, we still need representation from Justice and other ones in there, and that money in many ways flows to them from Treasury Board to cover their costs of the specific project.

Mr. Mason: Okay. I'd like to ask next about the Oil Sands Sustainable Development Secretariat and just a little more generally about the overall government plans for – in the interest of harmony, I'll call them the oil sands tonight. We're certainly open to an increase in our budget, too.

I guess I'd like to ask about the strategic plan for the oil sands. Specifically, here's the concern. The concern is that when the economy was going full blast, there didn't seem to be any interest in the government in any sort of pacing for the development. Now, that's no longer an issue in the current economic circumstances, but it may be again. A question I often got was: if we're exporting the product and we're bringing in workers from other countries to build the product, how is that in Albertans' interests? Why wouldn't we, as Peter Loughheed has suggested from time to time, have a steadier kind of pace?

I guess the question is: is strategic planning around the oil sands simply related to trying to provide the workforce and the infrastructure and so on that's necessary for whatever particular pace of development is occurring, or does it have an intent of having some control over that pace of development?

Mr. Snelgrove: It's not about from the oil sands secretariat. In many ways the real difficulty in Fort McMurray is that there are no other shock absorbers around it. You have a great expansion out here in the heartland around Fort Saskatchewan. I mean, Fort Saskatchewan can boom, Edmonton can boom, Redwater; they all have the pressure relief points. Fort McMurray, being as isolated as it is, means that those other sources of relief aren't there. There's just not a heck of a lot in Fort MacKay or Anzac to take the pressure off. So they feel it very clearly. In the capacity that most municipalities have, not only the technical but the practical tools they've got to catch up to it weren't there.

So co-ordinating everything we do as a government and bringing

the municipal council to the table and the oil sands working group so everyone understands, you know, to a certain degree the program was pretty essential. I mean, we offered from day one to provide assistance to the municipality. At one time, I think, they indicated to us that they were over 600 staff short, if you can imagine. Obviously, we have a responsibility to help any community that gets in those dire straits.

We don't intend to at this time back away from the co-ordinated approach in the development out at Parsons Creek. Us being the big landowner around Fort McMurray, obviously, we need to keep available land in the game with a bit of a balance in that if you opened up everything and housing prices plummeted, then I think we would probably be on the end of the horn again. So, I mean, it's about a responsible buildup.

7:50

Two years ago Fort McMurray was virtually the news item of the day. For the last year and a half you've heard very little except the sound of things getting done up there, whether it's a major bridge over the river, discussions about a big development at Parsons Creek that can accommodate another 20,000 people, upgrades to their water and waste water. They're talking about the development of a light rail system into the camps so people can get to work, the safety factor of not having a two-hour drive morning and night. All of those are things that have been put on the table with the municipality, and it goes a little bit back to some of the discussions we had earlier about dealing with things on an issues basis, not just on a departmental basis. The issue of Fort McMurray covered eight or nine or 10 departments for what they do in there, whether it's policing.

I think, quite candidly, that the oil sands secretariat, primarily because of a lady named Heather Kennedy and her insight into the community, made a very successful approach to a problem that I think we'll adapt in many other ways, too.

Mr. Mason: Okay. Thank you, Mr. Minister. I wanted to ask whether or not the secretariat is developing a plan, for want of a better term, that will actually improve the environmental conditions surrounding the site. We've had a lot of news around tailings ponds. There are issues of some downstream health effects as a result of contamination in the water. There are issues related to the air and CO₂ output and so on. From my perspective it's not a question of shutting the tar sands down; it's a matter of cleaning them up.

Mr. Snelgrove: You said that you were going to call them oil sands.

Mr. Mason: I'm sorry. Old habits die hard. I do want to have some harmony here tonight.

From our perspective, then, it's really a question not of, as some would like to do, shutting the oil sands down. That's not what we want to do. But we do want to clean them up because we think that the reputation that they've got internationally and the campaigns of different organizations to call it dirty oil and so on is a threat to our prosperity. We think the best way to do it is to really have a sustained effort to clean them up.

Mr. Snelgrove: Where the oil sands group fit in that part is that they're not the ones that are identifying, you know, the technological changes or the standards that will be involved in the cleanup of the tailings ponds. What they do is bring the community and the other departments in there to identify, you know, some areas that shouldn't be touched. Secondly, as you're reclaiming that piece of Alberta, what part does the community have in that? Is it appropriate to

make it a park or a ski hill? There's going to be a lot of land there when we're done that in many ways is far more productive than when we started.

Now, I'm not sure if you've had the opportunity to travel in the north. But, I mean, I don't make any bones about it. I think muskeg is how Mother Nature played a trick on us. In areas down here where there is no permafrost, muskeg works as a very good water filter. Up in Fort McMurray you never ever get away from the permafrost. Whether it's down 10, 12, 14 feet might depend on the summer. That water is not recycling into our aquifers. It is a puddle that grows mosquitoes and algae and is good for moose. I said to our group: if Mother Nature got everything perfect, I wouldn't feel so bad every morning when I shaved. She could make mistakes.

So what do we do with this land, and what do we do with the relationship of the people working out there? The oil sands reclamation isn't about, you know, redefining environmental standards, but it's making sure that the community and the business group have an avenue and a way to bring the concerns together and to look on a go-forward. What will it look like when it's done? Where shouldn't we go through our land-use framework? You kind of become the facilitator of the discussion. There has to be a place, you know, for the reasonable environmental groups and for business groups and for people looking for opportunity in the go-forward.

From our point of view, when you're looking at Fort McMurray, you need to be looking in terms of 50- and 70-year cycles. That's where every major oil investment company, whether it's Shell or Exxon, will tell you that that plant will be a 70-year cycle, so we have to think longer than the next year or two years. It's about keeping that focus on the real long-term picture and keeping the community involved in the decision-making around what it will be inside and outside of the community.

Mr. Mason: Okay. On page 310 of your government business plan is identified greening our growth. I don't want to quite let this go yet. It says of the oil sands strategic plan, Responsible Actions, that "this plan provides a platform to balance development with environmental protection, social responsibility and economic success." You know, I don't think you really touched very much on the environmental protection aspect other than to talk about muskeg, but I would appreciate, since this is part of your strategic priorities, if you could touch on what the plans are with respect to that.

Mr. Snelgrove: The oil sands working group probably has its biggest challenge in making sure that everyone gets to be involved in the development of the plan. I hate to say that you have to have a plan to have a plan. But the oil sands secretariat is not the body that will be implementing or developing or identifying the criteria for, you know, the most sensitive of reclamation items around the mines themselves. It's about the environment of the community. It's about what we do for parks in the community. Wood Buffalo, obviously, is a very large community, given its municipal boundaries. But it's more than just saying it's about the oil sands or the oil sands reclamation. It's about connecting the oil sands to the community by more environmentally friendly people-moving opportunities. It's about building one of the most environmentally progressive landfills. I mean, it's not oil sands that we're doing that is going to change the world up there, but it's going to make sure that the whole community is understanding of it and on the same page.

I think we might be trying to tread into Environment, and I can't help you there. I'm not trying to be evasive. But get Mr. Renner in here and give him the business end of your discussion, and then we'll talk.

Mr. Mason: I'll look forward to that.

One of the core businesses is disciplined government spending, and we've got a shelf year with respect to the . . . [Mr. Mason's time expired] Is that it for my 20 minutes?

An Hon. Member: It went quickly, didn't it?

Mr. Mason: It sure did.

The Chair: But we'll give you lots of opportunity later on.

Mr. Mason: Okay.

The Chair: We'll go on to Dr. Brown.

Dr. Brown: Thank you, Mr. Chairman. The question I have for the minister relates to the corporate human resources budget and specifically two of those aspects that are referred to on page 431 of your department estimates. The first thing I'd like to ask about: as I look down the list of the various items that are listed under corporate human resources, it appears that most of them have gone down from the actual forecast in 2008-2009. A notable exception, however, would be item 9.0.2, the communications and human resources budget, which appears to have gone up from the actual spending last year by, well, almost a hundred thousand dollars. The other item that appears to have gone up fairly substantially is 9.0.4, workforce development and engagement. I wonder if the minister could just highlight the rationale for the increases in those budgetary items when everything else appears to be going down.

8:00

Mr. Snelgrove: If you go back to the first one and go to our '08-09 budget of \$305,000, we had two people given to us for the oil sands secretariat that were paid for by the departments that loaned them to us. Well, those cheap departments decided that they weren't going to pay for them anymore, so we have to pay for them. It's the same person, just being paid for out of our department as opposed to theirs.

Dr. Brown: So that would be the communications and human resources item, then.

Mr. Snelgrove: Yes, workforce development and engagement. I mean, we are struggling. I think we're getting into the mentoring. What the smartest guy told me is that last year we were underusing what we had for resources. This year we're like a fine-oiled machine, and we're going to be able to use all that we've got now.

Dr. Brown: What are the specific plans, then, under that workforce development and engagement for which the additional spending is targeted?

Mr. Snelgrove: Well, on one hand, I think we know that it's going to be more difficult to appropriately staff when you're trying to spend less money. We're trying to take a more active role. We've got about five departments that have small HR departments. We're trying to collaborate and bring them together. We're trying to get other departments to work with us where we can identify opportunities for internal transfers. We're not necessarily going out from government. If department A is looking for someone, don't necessarily go out there first. Come to us and see what we've got internally so that, you know, if we have any surpluses, opportunities somewhere, we can bring that back into government. It's about

making sure that we co-ordinate how we look for new employees within.

Just as an aside, last year our little public service – I don't know if you were down there at the public service awards – between Dale's department and the group they put a little motivational video up, about a \$30,000, \$40,000 video, entered it into a competition in New York for motivational films, some of which probably had multimillion-dollar budgets, and these guys won. So in the HR department, for very little they can get a lot done.

You know, in our public service, as big as it is and as diverse as it has to be, they actually like where they're working. That's not an accident. I think that some of the stuff they've done in HR with different programs around some of the benefits and some of the flexibility and just staying in touch with your workforce, in many ways just having the respect and the time for them, for the departments, has made it. Whether times are good or whether times are tough, you'd better keep an eye out. I mean, in my life the people that are making your money are the people that are working, and in the public service they're actually hard working, and they're going to be challenged a lot more.

Dr. Brown: Minister, another question that I have is relating to page 429 of the estimates, line 7, the capital budget. I note the asterisk at the bottom there, which is explanatory in saying that 175 million of those dollars will be transferred to other ministries as required to match the federal stimulus funds. I guess the question I have is more or less an accounting one, but it's also as to how we will ensure that we utilize and do what's necessary to match those government funds in order to make sure that we get our full quota of government funds and whether or not those things have been prior capital projects that have been on the books and have been rejigged. Exactly how does that program work, and how are we going to ensure that we get those funds from the federal government?

Mr. Snelgrove: That's why we did it, because we couldn't anticipate for sure what the criteria would be, particularly around the stimulus program. Now, the federal government was good enough to give us a heads-up that they anticipated there would be \$400 million coming to Alberta in a stimulus but had given us no indication whether that would follow the guidelines of the building Canada fund, the community fund. I mean, we felt at the time that it was best to take the money.

It's still going to create logistical problems for us in trying to make sure we get it because, you know, we're virtually the only province that had a capital plan that was absolutely laid out clearly. On one hand, where we've been very, I would say, progressive in identifying and moving it forward, that doesn't suit the federal program to a great deal. So exactly what you said: we needed to ensure that we had the maximum flexibility to access these government dollars. I mean, we'll be in a real interesting situation if halfway through the year they come out with some more because our dollars are identified, and we take them off. Our plan has been very public, the capital projects, whether it's education – I mean, as you know, we're reassessing some of our health ones from the point of view of not necessarily if there is going to be a facility but what the facility would look like.

We have a very clear go-forward, and Treasury Board doesn't take the projects from anywhere except either from the federal government plan or from our plan. In most cases if not all cases the departmental priorities have been listed clearly and consistently, and as the money comes in, the more it comes, the more we're able to reduce that plan.

There are certain circumstances where the federal government or

others have said for whatever reason – I think of one in Calgary, where they wanted to build an LRT station to our school. Now, that school wasn't on the capital plan at that time, but if you're able to access extra money from the city, then you do those kinds of things. So you make a plan with the best intentions given the information we've got, but you still have to have the flexibility to say that if this is the reality, the certain circumstance, make adjustments but keep the principles behind your plan pretty consistent.

Dr. Brown: Is the bottom line, then, that the province of Alberta is going to be able to utilize those funds, our portion of those federal funds, to the fullest extent?

Mr. Snelgrove: Absolutely. Not only are we paying for ours, Neil; we're paying for most of the rest of the country's, too. So we should get our share.

Dr. Brown: Mr. Chairman, those are the questions I have for this time, and I'll yield the floor to others who may wish to ask questions.

The Chair: Thank you. New Jersey and Carolina, 3-3, going into overtime.

We have Darshan Kang, followed by Broyce Jacobs.

8:10

Mr. Kang: Thanks for the update on the hockey game.

Mr. Minister, thanks for being here tonight. I'm going to take it back to P3s as we are kind of leaning heavily towards P3s. I wonder if there has been any evaluation done on the cost-effectiveness and feasibility of P3 financing compared to public financing. How will it save Albertans money in the long run?

Mr. Snelgrove: I guess we could say this: if we build a hospital in the conventional way, we wouldn't talk about how much it's going to take to operate that hospital, but we would know without a doubt that we're going to put people in that hospital, we're going to have to keep the lights on and the heat on, and we're going to have to clean the building. So there is no question that when you build a hospital or a school or a road, there is an ongoing cost no matter how you do it. With a P3 at least you have cost certainty in that ongoing cost to the greatest extent.

Now, there can always be in the contract where you can negotiate, whether labour costs have gone up or energy or other supplies. So that may change. It might not be a number that you can say: "Okay. It's \$5 forever or for the next 30 years. It's \$5 now, and if these items stay consistent, it'll stay at \$5." But outside of a P3 no one can tell me that the janitorial costs of this building are going to stay the same for 30 years. You need to realize that. You do have built-in costs. P3s merely say up front that within this framework we know that that's what they're going to be. We're going to know that in X number of years we get that facility, that building back at this level of maintenance care.

Now, you don't have to take this as for sure it's true because I said it. The fact is that I have no interest in spending money to get less. There is nobody in our departments, there is nobody in this room that wants to spend money needlessly. I would think that's universal. We believe, given as objective a comparison as can be done, that between the two ring roads, the north Stoney Trail and the Henday, we have saved very close to \$600 million. This last contract out by St. Albert, where you see how efficient – and from Calgary, when you saw them coming down that road and the progress they're making by the sheer scale of it and the way they develop for building their bridges and that, there should be no

question that the construction schedule alone was much faster and gives contractors a great deal of stability and predictability. So there's no question that there can be a difference

Most of the issues from P3s, realistically, come back from the people, normally the unions, that want the contract to maintain these buildings. They see them as losing that opportunity if it goes into private hands. I mean, sometimes you deal with that in schools, and you can leave it there. That's all fine for most of the maintenance. Major maintenance would still stay with the contractor.

We have no numbers to suggest anything except that the P3s that we've done have been a very valuable benefit for the taxpayers and much quicker for the people that are going to use it.

Mr. Kang: Maybe they will be faster to build, much quicker to build, but whatever we have read so far, the studies, you know, are saying that P3s in the long run are kind of a losing proposition. Has it been proven that it's going to be the most cost-effective? What studies are we going by here?

Mr. Snelgrove: We can go anywhere around the world, and we can get you examples, for sure, where a specific P3 project didn't work. There's no question. But for every one that you can find I think we can just about show you that it's because they didn't do the due diligence before they started the project. If you want to go down to Australia or if you want to go to England or go to Partnerships BC and all through the States, they can show you literally hundreds and hundreds of projects involving billions and billions of dollars. I mean, these projects simply wouldn't have been done if it weren't for them, and they are extremely successful at getting the capital projects moved ahead.

You know, there are some things that we just have to agree to disagree on. I think you need to look at every single opportunity that you can to get it done cheaper. I don't believe that P3s are right for everything you do, but I think you need to have the flexibility to use whatever tools are at your disposal. I think you also need to include – we don't, but you need to include – what it is worth having the traffic safety that comes with these ring roads, having the traffic off the local streets, which you can't measure on these ring roads. What's it worth having kids riding for only 20 minutes on a bus as opposed to an hour and 20 minutes? All those things can be measured if you want to take the time, but I think most people know that sometimes the other value is pretty important, too. So we can agree to disagree whether you like P3s or not, but I'm very comfortable that there is not only a saving; there's a social benefit.

Mr. Kang: Well, I was just trying to clarify the concerns I have, you know, with the parent company. We heard that the company we hired here, that we got the contract with – their parent company is filing for bankruptcy. Of course, those kind of issues are going to come up. What kind of protection do we have with these companies in the long run? Are they going to abandon us maybe halfway through the job? Sure, there's going to be an argument again that we still got half a project finished, and we can go on with somebody else to finish the project.

Mr. Snelgrove: You know, we don't pay them, and then they go do the project. They go do the project, and you know that there are inspectors on these. I mean, they go do the project, and then they come and get money.

Any contracting the Alberta government does, you're always behind. I mean, I was in the contracting business for 25 years. These crooks here treated us like the crooks. We'd have to have twice as much work done for half the money, and then they'd pay you a little bit, and then they'd keep a little bit. Then at the end of

the day, after they've checked out your family and your relatives, they might give you your holdback.

I mean, these guys have got to do a lot of work. It's got to be to the level that's agreed upon, and after they've achieved a great deal of it, then they get paid. They have half of the money in the project. If these guys want to do shitty workmanship – build the building, get your money, go home, it falls over in two years – it doesn't matter. These guys own half of the project, so that's another incentive for them to make sure that they build it right.

Mr. Kang: Okay. As we know, with the recession the construction costs have come down. Labour demand has come down. With those costs coming down, was there any built-in kind of mechanism where we could save money on these contracts?

Mr. Snelgrove: The ones that are in the middle, the ones that are progressing: you have a contract with them. Without going into the specifics of what changes may have been there to identify cost escalation or supply escalation and down, I can't tell you. But there is no question that this building season, for tenders that are going out now, we are going to see substantial savings.

You know, in all fairness, the contractors that had contracts going into this period of rapid growth: we didn't go pay them more, and in many ways they had to swallow labour increases that they hadn't budgeted for, concrete prices that went 20 or 30 per cent, steel prices that doubled. You'll find a lot of contractors will say: if you're in it for the long haul, sometimes you get burned on it. The price of oil, for example: we had paving contractors that were expecting \$40 dollar oil who were paying a hundred and people that hedged in their oil last year at a hundred that could now get it at \$40. It's business, and we need to, I think, respect the fact that business normally knows what they're doing, and they look after themselves as best they can. While we're not out here to try and put any contractor at a disadvantage or give them an advantage, you can't anticipate everything in a contract.

8:20

Mr. Kang: On page 10 of the fiscal plan it states that in addition to the P3 projects that are planned, under way, or completed, \$1.1 billion per year for the next three years will be borrowed. This means that we can retain a higher amount in the sustainability fund for enhanced flexibility over the medium term. What form, you know, will this debt take?

Mr. Snelgrove: This whole concept of the bonds and borrowing in many ways is a work-in-progress. You know, if we can get 4 and a half or 5 per cent on our money and we can borrow it for 2 and a half or 3 per cent, then it makes perfect sense. It did in the business world; it will now. We're better off to borrow that money, put it to work. If the worst thing happens and we have to pay off that debt with our money, well, we're not out anything. If we're able to leverage our dollars cheaper, then that's what we should do. We haven't gotten to the total extent. We haven't identified a specific project that it will go with yet. There are other opportunities in Alberta.

We have to somehow also give the financial institutions in Alberta an opportunity to raise capital so they can reinvest. That's one of the biggest challenges we hear from small business. Now, that's not a government solution, but I know they're looking to us to try and understand what capacity there is out there in Alberta to raise capital to reinvest in Alberta one way or another.

Mr. Kang: Are there any priorities set for this money borrowing?

Mr. Snelgrove: Well, the first part is that it has to make money sense. That's the first one. Secondly, it will only be borrowed for capital. We're not going to borrow it for operational dollars. So it has to make financial sense. It has to be for capital.

Mr. Kang: Okay. I would like to move an amendment if I may, sir.

The Chair: There's no need to reply to the amendment. That will be dealt with in the House on May 7 in Committee of Supply. Go ahead.

Mr. Kang: I'd like to move that

the estimates for spending management and planning under reference 5.0.1 at page 430 of the 2009-2010 main estimates of the Treasury Board be reduced by \$750,000 so that the amount to be voted at page 427 for expense and equipment/inventory purchases is \$241,731,000.

The Chair: Duly noted. Thank you. You have a few minutes left in your questions if you'd like, or we can move on and catch you later on.

Mr. Kang: On the capital plan spending there's health, schools, and postsecondary. There are some changes. You know, spending is coming down from the 2008-2011 plan in the 2009-2012 plan. Why did the Treasury Board decide to prioritize spending on roads and other capital expense over health, schools, and postsecondary? Why wasn't there some balance kept?

Mr. Snelgrove: We had built a very, very large capital spending program into health care. I think if you were to go back to, you know, even 10 years ago, our total capital spending wasn't as big as our capital spending in health care was. There's also a large bubble in health care spending right now with the south Calgary hospital. I mean, I'll guarantee you that there is not another city in the world – I'll guarantee you – with the capital spending going on right now that would compare to Calgary for the sheer number of dollars and the different projects. It's huge.

Now, we can't continue that level of spending. I mean, you need to level it out. You need to build what's appropriate. If you're putting that much money into health care facilities and they end up with a billion dollars in the bank – even they couldn't spend as much money as we were giving them. So, you know, we've all got to prioritize.

Mr. Kang: So here we hear that they've got a billion dollars in the bank, but at the same time – you know, take the Peter Lougheed Centre. We had to close some beds. Even downtown – what was that? – the health centre opened, and we couldn't even open that. Sure, this money was for capital projects, but why couldn't that money be transferred over to other areas?

Mr. Snelgrove: Well, very clearly they do identify capital spending as opposed to operational spending. In lots of the areas around Alberta we have facilities that couldn't be operated. We didn't have the staff to run them. I think the third floor of the Grande Prairie hospital, which is even scheduled for a new hospital, is still closed because they don't have the staff to operate it.

I'm not going to claim that I know all of the ins and outs of the Calgary health region or Edmonton or any other one. You know, probably one of the biggest challenges that any of the health regions faced was the balance between beds and people. You just can't open a wing if you don't have the nurses and the doctors or the other medical professionals to treat the people.

Mr. Kang: You talked about common sense before, sir, you know, that common sense should prevail. I think the money sitting in the capital fund could have been brought to the operational side. They didn't need the money, and we could have opened those beds. That's where I'm coming from. Just take the common-sense approach instead of that money sitting there for years and years and not producing anything.

Mr. Snelgrove: The operational spending in health care has been increasing double digit for six years. There is no way that you can continue to increase spending, especially in a department that's 40 per cent of a budget. It doesn't matter whether it's Alberta or anywhere. If your economy was growing at 4 per cent and your expenditures are growing at 10 per cent, there is a time, maybe past our time here, that the lines cross, and you have nothing else. You have spent a hundred per cent of your money on health care. Now, if you continue to spend at 10 per cent and your economy goes to 1 per cent or negative, those lines cross very quickly. So even if you had given any of the regions the opportunity to take capital dollars and hire more staff, that only would have moved their operational increases from 11 or 12 per cent to 15 or 16 per cent, and at the end of the day you're only speeding up the inevitable crash from running downhill out of control.

Yes, we could have taken more money from other things. We could have put more of it into health care, and the crash would have just been quicker and bigger. That is just practical common sense.

8:30

Mr. Kang: Thank you, sir. We will continue with this if we have time.

The Chair: Thank you. Carolina scored, knocking out New Jersey 4-3.

We're going to go to Broyce Jacobs, followed by Brian Mason.

Mr. Jacobs: Thank you, Mr. Chairman. I see that announcement made the President of the Treasury Board very happy, so good.

Minister, I'm pleased to be able to enter into this debate and derive some knowledge from your logic and common sense. I'd just like to spend a couple of minutes in a couple of different areas. I'm going to start with the long-term goal of the 20-year capital plan to balance the growth of Alberta for both intermediate needs and long-term needs. I think it's always good to have a plan. I think a plan is always better than no plan, so I commend the government for having that goal and objective.

The problem I have is that, you know, circumstances being what they are, it's really tough to predict the future. We can look at the past and make some guesses about the future, but it's hard to predict five years down the road, let alone 20. I guess my question to the President of the Treasury Board is: as you proceed forward with this goal, what criteria are you going to use to assess the projects that will be needed five, 10, 15, 20 years down the road?

Mr. Snelgrove: Well, that's absolutely where we went. I will tell you that as we worked on the plan with Gene Zwozdesky, it was an incredible thing because you guys will know that I'm not a very detailed kind of guy, and Gene is. You put the two together and ask the questions. We didn't spell out in there what's going to be built six years down the road or seven years down the road, but we set the principles in place that say that it's absolutely critical to this province to build the infrastructure that enables business to operate.

The Premier has said – and I've known him for over two decades – that if we need more out of the pie, we have to build a bigger

economic pie. That in no way diminishes any of the priority of our public-sector stuff, but we have to build a bigger economy if we're going to need more. So we've put guidelines in there. How do we make sure that our infrastructure system has the feeder or the arterial roads to it? How do our long-term plans make sure that that movement of goods and services is going to enable business to locate here? How do we do it without, you know, putting either too much upfront cost or too much backlog? How do we make sure that when we're building our infrastructure for education and health, our education system is building the same number of teachers or instructors? All of these things are in there that say that you need to do this work when you're building whatever it is you're building so that you're constantly watching for the bottleneck in the system.

You know, six lanes of highway that end up on a one-lane bridge is 99 per cent good if it's a hundred miles long and she's 99 miles of six-lane and one mile of one-lane. That's what that document is about, making sure that you don't run into the bottlenecks anywhere as you float out the capital plan.

Mr. Jacobs: That makes a lot of sense. I assume, then, that as we go forward, these long-term plans will have to be re-evaluated periodically so that you balance growth with what you're doing.

Mr. Snelgrove: Absolutely. No one would have anticipated 20 years ago, I think, what would have happened in Fort McMurray to the extent it did. I don't think anybody would have anticipated and sure weren't hoping for the collapse of the forestry industry as we're faced with right now.

I don't know that we know to this day what transportation changes we'll make with the development of alternative fuels: ethanol, biodiesel. What's it going to look like for the transportation systems if we're not hauling all of our grain out of here? Lloydminster, for example, has one of the biggest ethanol plants, certainly in western Canada, yet you have to go right through the middle of the city from Alberta to get there. You know, you start planning a ring road, and we are planning in these mid-size cities. It really is about revisiting it but keeping the same sound principles and guidelines around where you put your priorities.

Mr. Jacobs: Thank you. I'm going to ask one more question on this subject, and that is: you know, from a rural perspective, being a rural MLA, how are you going to balance? There may be areas in rural Alberta that aren't growing as fast as Fort McMurray or Calgary or the central region or whatever but still have needs for infrastructure because there are still schools, hospitals, roads needed there. I don't think any of us can deny that without the production and the ability of rural Alberta to create real goods, wealth goods, cities would struggle to survive. How do you balance this growth with what's needed also in rural Alberta in areas that may not be growing quite as fast but are still vital to the overall growth of the province?

Mr. Snelgrove: I think the approach the Premier took with MSI in saying that we have to give stability to all of these municipalities – I mean, honestly, they are a lot of the partnership we do, particularly in the rural areas.

There are other things we're doing. I don't know if you appreciate it or not, but a firm came to us. We wanted to look at coming up with a way to replace the bridges. We've got thousands of bridges in Alberta in the rural areas that are, you know, lifed out. They don't handle the capacity of the trucks that we use now for hauling. They can't keep up to the oil industry that's out there. Yet to put a bridge across a river in Alberta right now, I mean, with the federal department of fisheries and that, it's just gone past practical right straight

to stupid. Somehow we need to be able to make bridges that can go in with the least amount of disruption and with some of the new composite materials that they make that are much more lightweight.

How do we approach that? Where municipalities don't have the ability to sit with a company and come up with a design like that or that scale, you know, if we need a thousand over 10 years that the municipalities can buy through us, you start to rebuild your rural road infrastructure and at a reasonable price. That doesn't seem like much, but in lots of areas of Alberta you're very limited to other activities because you can't get across the old bridges.

The resource road program, the approach that SRD is taking with trying to, you know, move money into the forestry industry. I mean, that's where most of the resources are from an oil and gas point of view. Identifying the roads that they use, if there is an opportunity to put even more money out there so that we don't have to stay behind when you know there are big drilling programs: to a greater extent now we have that co-operation between the municipalities and the oil companies, who are very willing to sit down and bring you their drilling programs.

The Department of Transportation has shown great flexibility and talked about changing priorities. If that's going to be the issue in Tullibee Lake, for example, and you have a 500-well drilling program and you need to pave 10 miles of road, they just do it. The departments co-operate with the local municipality and with industry, and you get out there and get it done. It's just a little different atmosphere around there now, I think, where everybody buys into this idea that we've got to work together. There's just not any other choice.

8:40

Mr. Jacobs: Thank you. I'd just like to move, briefly, now to fiscal policy and fiscal plans. Questions have been asked tonight about, you know, the budget estimates. We've based our budget projections on a price of oil and a price of gas, and I don't think anyone would expect you to get it exactly right. Well, maybe we would.

Mr. Snelgrove: Even my own side.

Mr. Jacobs: I was just trying to be kind.

You know, my question is going to be, basically, that it seems to me that one of things we could probably be a little more definitive on is the expense side. When I talk to constituents about this year's budget, one of the questions they ask me is, "Are you as a government going to be able to balance your expense with your revenue," which probably means "Are we going to be able to reduce our expenses?" As we go forward, if we find that our projections don't balance with what we expected, what plan do we have to reduce the expenditures of the various ministries?

Mr. Snelgrove: Well, that's our challenge. You know, we need to point out that we actually had an operating surplus last year if you take capital out of the equation. We can, I think, continue to remove the overlap and inefficiencies that we have through the different departments. I don't think that it will be unrealistic to bring our spending back to at least cover our projections that we put forward in the next year. It would be much easier to not. But I think we can probably look to at least two-thirds of the \$2 billion that we'd talked about having to find from spending, and I think we can find it by holding the federal government to account and some of the other opportunities for raising revenue up to a third.

You know, the people of Alberta will tell us when we've squeezed our government hard enough. They're going to tell us when they're ready to be squeezed a little. They always have. When we get that balance, you go forward. I don't want to look more than a year out

there as to where that error was going to go. All of us have to go back to our communities, and they tell us when they've had enough. They'll tell us when they're ready or identify it. We've said in our engagements: this is your opportunity, Alberta; tell us.

We just can't hang up a heck of a lot on what oil or gas might be because, like Mr. Taylor said, it may be worse than we've said. But I don't believe that Albertans are prepared to turn our health care system back to 1985 or '95. So it's in everyone's interest. I mean, when 50 per cent of our budget is given out to boards and agencies, they're going to have to sit at the table with us. The universities, the colleges, the municipalities, the health department: they are all going to have to be there. I think there is a genuine understanding around Alberta right now that this is an extremely serious situation. Most would still say that they'd rather be here than anywhere else, but they'll have to come to the table.

Half of our money is salaries. We have to engage our employees, their representatives, and their unions in a very meaningful discussion about what we can do better or differently to get to that goal. We've committed to try and keep as many of our civil servants working through this whole thing. I mean, we will identify, with Jay's help here, lots of areas where we've had FTE positions that are open, where we may be able to combine some HR departments. We've gone to electronic time sheets. There's no reason that we can't look at some new and innovative ways to deliver other services. In some ways we are slaves to technology, but it's important now that we make that technology work for us. We have been paying for it. We've set the stage with the SuperNet. We're going to have, virtually, a redundant system to back it up.

We are one of the most wired entities, certainly, in North America given the way we're spread out. If you look at most of the rest of the provinces, their populations are clumped in some pretty big centres. Alberta, luckily I think, has it spread out over a long way – it comes with some costs – and also shares a little bit of the benefit going out. So it's using in many ways the framework, the foundation we've laid, being smarter with the SuperNet, being smarter with our conferencing and the way that we get people to work. There are a lot of little things we can do. My parents would have said, too: you look after the pennies, and the dollars have a tendency to look after themselves.

We're looking for virtually every dollar and everything that we can do. I can look my constituents in the eye and our colleagues and say: "I think we're nearly there. I think we're spending the appropriate amount of money. Now the decision: do you want to pay more taxes, or do you want to do without this?"

There may be people that have a better idea or some magic, and they can keep it to themselves if they want, but, I mean, there's no magic formula here. We didn't get here all by our own devices. We won't get out just simply because we want to. I have a lot of faith in our staff. They've probably lost every bit of – there could be 14 more unemployed tomorrow if they all quit.

Mr. Jacobs: Thank you, Mr. Chairman. That concludes my questions.

The Chair: Thank you.

We'll move on to Brian Mason, Peter Sandhu, and Dave Taylor.

[Mr. Kang in the chair]

Mr. Mason: Thanks very much, Mr. Chairman. Mr. Minister, I would like to follow along roughly in the same topic area. Now, you indicated that in the past year, if you didn't count capital, we'd actually have had a modest operating surplus. Next year, the Provincial Treasurer is saying, we're going to be looking for \$2

billion in cuts. Now, if you didn't include capital next year, can you give me a ballpark as to what shape we'd be in?

Mr. Snelgrove: Well, we're spending \$7 billion in capital next year. According to our books our projected deficit would be, without the \$2 billion, \$3.7 billion. I mean, if we quit building capital, we could run a surplus, but I'm sure that's not what you want us to do.

Mr. Mason: Well, you know, I'm just sort of exploring what the terrain looks like with you. So we've got \$7 billion in capital next year, and we've got to find \$2 billion in cuts. You said that two-thirds of the \$2 billion would come from reductions in spending. That's a little more than \$1.3 billion. Would you really cut \$1.3 billion out of the operating budget in order to maintain the capital spending program next year?

Mr. Snelgrove: I think we're going to look as hard as we can at everything we do. I think we've done enough work over the last year and a half or two years where we're going to be able to make some significant delivery model changes that will not affect the Albertans who's getting our care whatsoever but will internally help us to save some significant dollars. It's going to be a very difficult find. I don't believe that we're that far out.

8:50

Given what we've got, given that most of the rest of the world agrees that in these times public spending on infrastructure is one of the few things that will keep people working and keep us ready for what, hopefully, will be the next economic upturn, I would be very leery about cutting capital. Also, I think we have the opportunity to look at other methods of – this one will really get me in trouble, but I know that you are open to practicals, so I'm just going to put this out as a what-if.

We have an agreement with the teachers to fund \$2.1 billion of their pension fund. As a government we can do a couple of things. We can borrow the money and give it to them, or we could say to them: "Look. We need schools. No one cares more for students in schools than teachers. We'll build you schools. We're going to build \$400 million a year worth of schools. Instead of cash, I'll give you an asset, and I'll pay you interest. You can own it." Instead of the Ontario Teachers' Pension Plan coming to Alberta and buying our properties, our own Alberta teachers can reinvest their pension money into schools. There's no reason that Albertans working for Albertans – our teachers, our nurses, the people in this government – can't create the vehicle that allows us to reinvest into the infrastructure we use and own. If you can do that and free up dollars . . .

Mr. Mason: Well, it's an interesting idea, but it's not really the road I wanted to go down.

Of the \$7 billion in capital spending you identified for next year, how much is financed, and how much of it is pay as you go?

Mr. Snelgrove: I think we planned to borrow \$1.1 billion next year.

Mr. Mason: All right. So why wouldn't you increase the borrowing from \$1.1 billion by another \$1.3 billion so that you don't have to have major program cuts and layoffs? I agree with you that investment in infrastructure spending is a great way to create jobs and is generally accepted as a very important way to counteract the effects of the world-wide recession that we're facing, but if on the other hand you have to lay off thousands and thousands of breadwinners in order to find \$1.3 billion in program cuts, you're not being consistent with your objective of keeping people working. Why

wouldn't you just increase your borrowing on the capital side so you don't have to make the cuts on the operation side?

Mr. Snelgrove: Okay. And what do I do the year after that?

Mr. Mason: That's the point of borrowing. You can borrow in the bad times, and you can pay it back when the economy recovers.

Mr. Snelgrove: If I could get you to guarantee me that the bad times were only going to be here for two or three years and that oil was going to be at \$75 on December 31, 2011, then I could accept your argument. I believe you make it in very good faith.

As I've said, you can't borrow yourself out of debt. It's about saying that the operational part of government is the biggest problem we've got. The capital side you can flex up and down far quicker, and you can use other forms of debt to do it, but if the operational growth in government doesn't fall very closely within the growth in the economy, then sooner or later you have to have this discussion again.

Mr. Mason: I can't guarantee you that the economy is going to recover in a few years, but I know that the assumption in the provincial budget that we're discussing here is that the recession is going to be for one year only and it's going to be fairly shallow. So far the finance minister has not formally backed away from those projections.

[Mr. VanderBurg in the chair]

Mr. Snelgrove: Thank goodness we're not doing Finance tonight. We're doing Treasury Board.

Mr. Mason: Your plans need to be consistent with the overall budget, Mr. Minister. I would say that.

Mr. Snelgrove: Our budget this year is consistent with that. Our budget for next year is based on the premise – nothing handcuffs us to a budget if the circumstances change either for better or for worse. We simply have to say that when you take a snapshot today that looks forward three years given what would be considered the consensus of many economists and other governments around the world, that picture is the best that we can do. I have no reason to suggest that anyone makes these projections with anything except using the models that they've got. But very few people picked this one right. As I said before, in many cases we need to plan for the worst and hope for the best. But we're being unfair to Albertans, I think, if we were to simply say, "Ah, it's only going to last a year." I'm sure there are a lot of people in the States that said that in 1930.

Mr. Mason: Well, I certainly don't share the assumption that it will be a year, but even if it's three or four years, borrowing on the capital side makes a lot more sense than massive program cuts, in my view.

I'd like to move on to your airplanes if I could, Mr. Minister. I see that there is an increase this year in the spending for air services. The forecast exceeds the budget by a significant amount, about \$400,000 and some change, and there's a further increase planned this year. The Auditor General had taken a look at this and thought that steps could be taken to improve the efficiency. He didn't say, you know, to sell the fleet or that it's a bad idea, but he did indicate that we had a lot of empty planes flying around. In 2008 the fleet flew empty 230 times and logged more than 65,000 kilometres without passengers, which is the equivalent of flying around the

world one and a half times. So I guess the question I have for you is: what has been done to increase the utilization of the fleet?

Mr. Snelgrove: We've actually taken some very appropriate measures. A number of these guys can correct me if I'm wrong, but I think our deadheads are down 30 per cent from the previous year, and that's down 30 per cent from the year before that. That's simply making ministers book ahead, and we require them now to partner up. If there's a flight to Calgary that is in the same afternoon, they're required to go.

It may be an argument for another day, but a big chunk of our flights are for our Lieutenant Governor. Our protocol in our department says that if he asks for a plane, he's given a plane. There may be tradition there that needs to be revisited. I honestly don't want to judge whether the traditional system of Lieutenant Governor of the people is good or bad or otherwise. It is what it is. If you take out the number of flights that he has, you will see that on a comparative basis we have tightened up the flying a great deal, plus it's safe to say that with the expansion in Alberta, the Grande Prairies and the Fort McMurrays are where there is a lot of government activity that's going on, and the ministers and their department staff need to get there. But if you could do a private poll of the departments, of the ministers or the EAs, and ask them about whoever the tough nut is that's running the planes, I think they would tell you very clearly that we have very much tightened up in the way that they are booked and used.

Mr. Mason: I appreciate that, Mr. Minister. I did want to raise the question of the flights of the Lieutenant Governor. While he may be the representative of the Crown, I don't believe that we should be involved in wasteful spending in order to support that office. You know, the report as of January 25 of this year is that the Lieutenant Governor often travels just by himself or with his wife and that in 2008 he took 94 one-way flights. In 2007 he took 122 flights. I mean, I just don't accept your argument that you don't have any responsibility here because of some kind of royal tradition.

9:00

Mr. Snelgrove: If you shut the Lieutenant Governor out of the flights or reduced it, you would see the number of flights drop; you wouldn't see the equal amount of costs drop. Even if we use the planes less, we would save fuel and we would save landing fees and a certain amount of maintenance on the planes, but your staff is full-time, very, very restricted on hours that they have to work and then take time off. You're still going to have the costs built in of the hangar support, the ground support maintenance, the salaries of our pilots.

Maybe it's unfair to hang it on the Lieutenant Governor because, quite honestly, whenever we have asked him to make accommodation on his flights, he has been absolutely co-operative. It's certainly not him that has established that kind of protocol, and he's a very, very accommodating person. So we are working with him. I think there are sensitivities around a certain amount of Lieutenant Governor independence that is above us. It's not you or I that will have the discussion about the historical nature.

I'd say that we recognize that we did have work to do on the co-ordination of our air flight. We have talked about whether it makes sense to station a plane in Calgary to try and reduce some of that stuff. We have worked out the numbers on accommodation and hangar storage. I mean, we're constantly working through these scenarios to see if there is a better way to do it.

Mr. Mason: I guess I'd just point out that we have also provided him with a very expensive residence in Edmonton. I guess the

question really is: why don't you request that he book on the same basis as cabinet ministers?

Mr. Snelgrove: I don't, simply out of respect for the office of the Lieutenant Governor and by the traditional and historical authority that we've put in that office. I think in many ways it would be disrespectful. I think he's the only person on here that's not, say, working for us, for the people. He's the representative of the Queen, that does this in a different light than us, who are out there spending your money. It's, I think, a significantly different situation that he finds himself in, as truly a servant or representative of the people. For me or for the people in our office to start to decide what is an important or an unimportant event for him is, I would say, a substantially different criteria than we can hold ministers to.

Mr. Mason: Well, I guess I don't agree. I think that it's respect not for the office, which I think is important, but respect for the taxpayers that has got to trump that.

Those are my comments, Mr. Chairman. I'll pass questions to someone else.

The Chair: Thank you.

We'll move on to Peter Sandhu, followed by Dave Taylor and Rob Anderson.

Mr. Sandhu: Thank you, Mr. Chairman. Thank you, Mr. President. We heard you the last couple of hours, and you've basically answered a lot of questions. But my question is around Treasury Board business plan goal 2: attract, develop, and engage employees needed to achieve government goals. The current situation as it pertains to attracting talent to work for the Alberta government, I assume that it's maybe easier today to attract talented individuals as compared to a year ago.

Mr. Snelgrove: Yeah, it is. Although, you know, it's an interesting business working for government. It's not for everybody. In many ways the apprenticeship of the really talented people we get is from working in government. A lot of the challenge is to make sure that you're keeping the people that are apprenticing up through the system engaged enough in their job and in their challenges that they want to stay there and that they know they're making a difference. I think we're going to find that we're going to be keeping people right now because we are giving them the opportunity to really get engaged in their jobs and actually make a real difference in it. You would know, hon. member, that just about the worst thing in a business environment is having nothing to do. I know that when you can go home at night and you're absolutely swamped, it's sometimes a very frustrating feeling, but it's a good feeling.

We've given these guys now about 40 jobs to do and a year to do it. I think you're going to see a very engaged public service. We will attract from some other provinces that are going to go into reductions and layoffs. There are a lot of good people that because of process get fired, as opposed to a normal course, where you're able to identify those that are working and separate the wheat from the chaff. I think as a province we may be very well suited to watch for those that become available and pick them up.

The other thing that I think was really an opportunity for me was when we had the issue around Fort McMurray to go out and find someone who was very familiar with that particular issue and give them a contract job for a certain amount of time to solve that issue. We can learn from that. There are issues and tasks in jobs. I think the world is a little different place, where there may be an opportunity to do contracting, where people want a place to work for a few years, maybe not make a total career in our public service.

The other part that has made it easier for us is, I think, the relationship of the Premier and the respect he has shown for the public service all of his life. There's nothing false and untoward in that. I think that the people that are here know that we want them here. You don't just become a good place to work overnight. You can lose it very quickly. I think that a lot of the work that they've done in human resources and the different departments is cultivating a place to work. You know, you have to look at this, I would say, longer than a year, longer than two years. You have to keep an eye on what's right in front of your toe, but you do have to keep an eye on the horizon.

In this case, you know, I think we're very well situated for the opportunity to bring people in.

Mr. Sandhu: In one of the performance measures, if you look at the same goal 2 there, you've got an actual of 57 per cent; the 2009-10 year is 60 per cent; the next one is 65 per cent. Is it a possibility this year to move up a little bit more than 60 per cent?

Mr. Snelgrove: Where are you, Peter?

Mr. Sandhu: Page 317.

9:10

Mr. Snelgrove: It's a good point, Peter. I had a talk with Dale about it. I guess I would say that I'm not somebody who puts a lot of faith in questions that we ask ourselves about how good we're doing. You know, when your wife says, "How do I look in this new dress?" you'd better know the answer. But we've started a new way of asking. Some of the questions we asked before didn't make sense in the way that the questions were answered. You could have someone that was 80 per cent satisfied but only knew what support he was getting. You know: "Are you satisfied?" He'd say: "Sure, yup, 80 per cent." "What about the services and stuff?" "Well, only 65 per cent." Well, geez, if you don't know what they're providing, how are you happy? Or vice versa, if you're 65 per cent satisfied with, say, HR, but you're 80 per cent happy with – you know, the connecting the dots wasn't there.

We worked with Dale, and we're trying to make sure that we do have a performance measure that shows a real number. If the questions are so simple that next year I'm sitting there and they're 90 per cent happy, then I've put up crap questions. Do we want to move numbers to where you're in a very real, successful corporate goal? Yes. But I don't want to do it by softening up the questions. We're really serious about getting so that when we ask the question, both of us know what it means when they answer.

Mr. Sandhu: Thank you. Thank you, Chair.

The Chair: Dave Taylor, followed by Rob Anderson.

Mr. Taylor: Thank you, Mr. Chairman. Okay. I've got a few questions that I'll try and blast through here fairly quickly, make them short questions and hopefully quick answers. Page 430 of ministry estimates, line 7.0.2, capital projects development, \$17,931,000: this is the \$17.9 million for capital projects development out of the almost \$193 million for capital projects overall. The other \$175 million is to be transferred to other ministries as required to match federal stimulus funds. This \$17.9 million, can you tell me which projects have been approved for capital planning and preliminary design, how those projects are chosen, why the \$15 million allocated for this line item last year was not spent?

Mr. Snelgrove: Again, please.

Mr. Taylor: You should pay more attention when I'm asking questions.

Mr. Snelgrove: I know. I'm sorry.

Mr. Taylor: Luckily, I had this one written down. The \$17.9 million for capital projects development: can you tell me which projects have been approved for capital planning and preliminary design, how those projects are chosen, and why the \$15 million and change allocated for this line item last year wasn't spent?

Mr. Snelgrove: I think there's a certain amount of independence that we keep, or try to keep, in making sure that as projects come forward they are within the priority and scope. We transfer the money. The P3 projects, for example, the money for them comes out of this for whatever department: Justice, Infrastructure, whoever has had to provide. That comes from there. This is not capital; it's capital development. If we don't have the projects, we don't spend the money.

As to a list, I couldn't tell you what's in the chute right now.

Mr. Taylor: So which comes first, the ask or the transfer of the money?

Mr. Snelgrove: The approval of the project. I mean, we have, as we talked about, a very, very extensive capital plan. When we've identified which projects would be eligible for this, whether it's Parsons Creek in Fort McMurray or one of the P3s here, once that has gone through the due diligence of the different departments – and it's not like we operate in isolation with them. We know, collectively, through the deputy ministers' planning committee, that these projects are coming. It's normally not a surprise that one day this shows up out of the blue. We work off that capital list, and as the project gets to where there's funding for it, then . . .

Mr. Taylor: So this number does refer to something or a number of specific things that are in the pipeline? It's a fairly specific number. It's not exactly a round number: \$17,931,000, \$15,372,000 last year. The thing is, though, that last year you didn't spend a dime of that.

Mr. Snelgrove: Good.

Mr. Taylor: I'm not complaining that you didn't. I'm just asking: why didn't you? What changed?

Mr. Snelgrove: Well, the projects that are of most significance now are the Parsons Creek development, and it's taken, you know, a little while to get to the stage where there may be a need for money to other ones.

Mr. Taylor: Okay.

Mr. Snelgrove: We have in this year a million dollars for work on the legislative centre and then \$150,000 for Saline Creek, which may or may not go. You know, as I say, there's no use looking before you leap if it doesn't make any difference what you see. If these projects get through all the hoops and then get to us and we find out that the dog don't hunt, they stop. It's not about just doing it for the heck of it.

The other part is the little over \$2 million for Fort McMurray work on the highway. I mean, we have looked, and we'll continue. We've been spending a lot of money in Fort McMurray twinning.

Mr. Taylor: Highway 63.

Mr. Snelgrove: Highway 63. If Transportation comes up with a model that may look at another alternative kind of project for it, if we think prices are that we can go, we may need to spend more. This is about having the bankroll there that if we're being asked to do whatever projects, we need to make sure, Justice and Finance and whoever else may be affected, that the diligence is done behind it. So it won't go bad there. I can assure you that if we don't have real projects, it won't be spent. I think that's actually been pretty evident by our budgets every year in Treasury Board since I've been there. We're not embarrassed at all about not spending money.

Mr. Taylor: No. Nor am I saying that you should be, but I'm just trying to wrap my head around this. I mean, the answer that you've given makes it sound as though, if I turn it this way, all of this money is for development of capital projects that are going to end up as P3s. You know, these are not for the things that you're going to build and own yourself.

Mr. Snelgrove: No. If Education is going to build a school in the traditional way through the plan, we're not needed. If Transportation is going to build a highway on the traditional thing, we're not needed. For example, say that they come out and want to do an alternative design, build or design, build, finance for a bridge over the North Saskatchewan River somewhere, then they would probably come back to us and say: here's a new project that we want to make sure we have a different set of eyes on or another set of checks and balances, and we expect it's going to take you guys \$800,000 to do it. That's what that fund would be for.

Mr. Taylor: Okay. So let me take another run at this from a different direction, then. What specific projects is Treasury Board planning to fund under alternative financing, under a P3 model or other alternative models, this year?

Mr. Snelgrove: The only other project that I think is close enough to say would be southeast-southwest Calgary ring road. The northeast Edmonton ring road when that's done. That's not this year. I'm saying that these are the only ones, I think, and another school building project that's in the works right now.

Mr. Taylor: The projects themselves are not for this year. Is the capital projects development money for those projects this year?

Mr. Snelgrove: Well, if you're going to do any ring road, it takes close to two years. Just about any P3 takes two years of work before that project gets there. If we come to an agreement, for example, with the First Nations in southwest Calgary and we start right now planning to bring that project forward, that money could be asked for in this year. From the point of view of what we've got on the horizon that would be in it, those would be all that I would know of right now.

Mr. Taylor: The P3 model of alternative financing: does it even make sense? Can it even make a business case for itself in this economy?

9:20

Mr. Snelgrove: Well, it shouldn't really make a difference whether the economy is good or bad because the construction prices will go up and down comparatively and the financing in some cases.

Mr. Taylor: But most P3 projects have a pretty long, I'm going to

call it, lease to them almost or rent-to-own clause to them. You know, you're looking at a 25-, 30-year time frame there as compared to in a slow economy with interest rates at record lows and the government's ability to borrow at a better rate than anybody else, than any mere mortal can get, and the costs to you coming down as well as the costs to the private contractor or the private design, build owner of the project. Again, does it really make any sense?

Mr. Snelgrove: Well, I mean, we do spend a ton of time and money on making sure that we have a private-sector comparator that would show us, I guess. But where you might lose on one end in a slower economy, you may benefit on contractors being hungrier.

The other thing that is evolving is the sophistication, that large companies are able to put together now the working relationships to tackle these. I mean, it's like anything; there's a certain amount of time that it takes for them to grow into their skin, to understand what they can do to access capital. It may be interesting to see. I can't tell you what will come out of P3s down the road from the point of capital. It may be more difficult for industry, and we're hearing that.

Regardless of what the Bank of Canada says the interest rate is, there isn't the capital in the banks here to get it. Businesses are simply saying: we can't borrow. So if this attracts offshore money or other money that may come, that may be a bonus to us. I just can't tell you how all of the parts of this very complicated process will actually mesh given the state. I can't tell you. But I'm not hung up on it. If these numbers come in and it shows that we can do it cheaper in some other way, we'll do it.

Mr. Taylor: Okay. Let's move up a line, 7.0.1, provision for future federal stimulus funds, \$175 million. Which projects has the provincial government applied for matching funding for under the federal government's infrastructure stimulus package?

Mr. Snelgrove: This money was only put here to make sure that whatever the criteria was on the federal funds – now, only last week were we given a call by the federal government with regard to the stimulus package. At that time they asked us to forward a list of projects to them to see if it could match the list of projects that they had anticipated. So we simply go back to our capital plan and to our things and say: okay, which ones of these fit the criteria that the federal government puts forward and come off the list? I wouldn't even want to start into what projects they might be, but they are to the greatest extent possible projects that are on those existing lists. Many of them came through the original applications that were vetted through a process with the communities, and many are smaller in nature, except the criteria for the last tranche is that the money has to be spent within two years.

Mr. Taylor: Yeah. So you need them, certainly, shovel ready to a degree.

Mr. Snelgrove: Exactly. I mean, that's the criteria. That's why we brought the money here. It was to make sure that they couldn't say: well, you already identified it in MSI or something else, so you don't qualify. I think it's very safe to say that there has not been an approved list either to the federal government or from the federal government for this.

Mr. Taylor: Oh. So you're still working on the list that you're going to send to the feds.

Mr. Snelgrove: Well, they have to have a look – you know the feds – and if they can make it a little bit more difficult than it needs to be,

I'm sure they will. I mean, we were only asked I think it was on Wednesday, when they called and wanted the list by Friday.

Mr. Taylor: Didn't happen?

Mr. Snelgrove: Well, boy, I tell you that they did a lot of work on it, and we've got it. I mean, I'm kind of happy that it is like that. We anticipated it might happen, moved the money over there, knowing that if it didn't, that's fine, that we could transfer it back. In this case it's certainly going to make it easier for the communities.

Mr. Taylor: So do you have a sense when you're going to hear something? This is the trick question of the night, I guess, because it involves Ottawa. Do you have a sense of when you're going to hear something definitive from the federal government?

Mr. Snelgrove: You know, we're starting to see it rolling out now. They wanted it in a hurry for a reason. I would anticipate that they will be able to give us some sort of an indication possibly by this Friday, maybe next week, but they are indicating that they want it out. The building season is upon us, and they're trying to get their – I'll regret saying this, too, but I think they actually may get it out in a week, two weeks, I'm thinking.

Mr. Taylor: We will stay tuned.

Mr. Snelgrove: You know, we've built, actually, a better relationship. Mr. Merrifield moving into the position has actually done a lot to putting the process back on the rails, so I'm very confident that we've got somebody in there.

Mr. Taylor: Okay. One more question. This picks up on an exchange, I think with Mr. Kang before, regarding capital spending on hospital facilities in Calgary that have not been able to be opened because there haven't been the appropriate operating dollars there or the appropriate staffing levels or whatever. I want to explore that a bit.

It takes us back to one of the first things that we talked about at the beginning of the night, which is your attempt to bring various sections of government together and get them working together collaboratively to solve problems. It seems to me that one of the big problems we have here, that's evidenced by the expansion on the Rockyview hospital in Calgary, for instance, where the new section was open and then the old beds were shut in – you know, we had a net loss, I think, of three beds as I remember – the issue with Peter Lougheed hospital in Calgary, the issue with the emergency beds at the Sheldon Chumir urgent care clinic when it opened, is that there's this massive disconnect between the capital dollars and the operating dollars.

You talk a lot about common sense, and common sense says that when you plan a hospital, for instance, or any capital project, you know that when the build part of that project is done, you have to have the staff to be able to open it up. You wouldn't do the build part of the project, common sense would tell you, unless you knew that there was a demand for that facility. Therefore, you've got a

three-year lead time at least to be able to go out and get the staff you need. What are you doing in your department, and if it's not your department's responsibility, whose is it, and what are you doing to put the pressure on them to bring the capital and operating sides of this equation together?

Mr. Snelgrove: In the first place, we didn't build them. Calgary health built them.

Mr. Taylor: Yeah, but you gave Calgary health the money to do it.

Mr. Snelgrove: Yeah, we did, but Calgary health did their project.

What we're doing is that we've developed a committee of Treasury Board, where the different departments, including health, are going to be bringing forward for approval to Treasury Board the criteria, the principles of how you develop the priority around health care and to ensure – and this is partly from the Auditor General, to be fair, about saying: are you using all the best information that's available to know that you are building the facility that you need?

You know, other groups, Transportation, have always had the criteria: the number of miles driven, the miles on the cars, the trucks. You know, they've always had criteria to base their building on. Education is the number of students. You know, it's people that are driving it. Health has done that but maybe more independent of each other, Edmonton and Calgary. I mean, we only have 3 and a half million people, and you have these little fiefdoms going.

So that will come in, and we'll determine that. Before any other health facility or advanced ed facility is built, they have to show in their business plan the operating dollars for that facility. If they're starting to build the hospital now, knowing that it's going to be open in three years, or hoping, they have to identify in three years the operating costs for that facility.

The Chair: Fifteen seconds.

Mr. Taylor: Well, thank you for your answers, Mr. Minister. I'm done.

Mr. Snelgrove: Thank you.

The Chair: Well, thank you, everyone.

Mr. Snelgrove: You've got to let Rob Anderson say something. He's getting paid to be here.

The Chair: Well, I think tonight he got paid to learn.

I'd like to remind committee members that we're scheduled to meet next Wednesday evening to consider the estimates of the Department of Solicitor General and Public Security.

I'd like to thank you, Minister and your staff, the members, the leg. staff, security, pages, and *Hansard* for another evening well done.

I would now adjourn this meeting. Thank you.

[The committee adjourned at 9:30 p.m.]

